STUDENT FOCUSED FUNDING

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Introduction

Purpose

This paper contains details of the grant formulas and other criteria for student-focused funding for the 2003–04 school year. It is intended to provide our partners in education with an overview of the formulas that are used to calculate school boards' 2003–04 allocations for budgeting and financial reporting purposes.

The grant formulas outlined in this document are based on the Student-Focused Funding: Legislative Grants for 2003–04 regulation, the regulations on the Calculation of Average Daily Enrolment for the 2003–04 School Board Fiscal Year, and the Regulation on the Calculation of Fees for Pupils for the 2003–04 School Board Fiscal Year.*

This paper reflects changes in student-focused funding introduced in Spring 2003, and also changes introduced in December 2002.

Education Equality Task Force

The Education Equality Task Force (EETF) was created in May 2002 to conduct a review of the funding formula and make recommendations on ways to improve equity, fairness, certainty, and stability for students and schools. As part of its mandate, the Task Force was specifically asked to review six aspects of Ontario's funding model: its benchmark costs; the distribution of funding between different types of boards (for example, urban and rural, French- and English-language); boards' flexibility with respect to local expenditures; school renewal; special education; and student transportation.

Dr. Mordechai Rozanski, President of the University of Guelph, led the Task Force.

In validating the student-focused approach to funding, the EETF recommended the investment of an additional $1.8 billion over the next three years to update cost benchmarks in student-focused funding and support new initiatives to improve student learning and achievement.

The EETF also recommended further ministry consultation with the sector on a number of significant issues, including mechanisms for reviewing and updating benchmarks, reviewing the funding formula, standards for special education programs and services, student transportation, and education governance.

The government acted immediately to implement the short-term recommendations of the EETF with new investments totalling $610 million, and made a further commitment to act on the Task Force's recommendations.

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* Should there be any discrepancy between this document and the regulations, the regulations prevail.

The refinements for 2003–04 are based on the recommendations of the Education Equality Task Force. A further $551 million in new investments are being added in 2003–04.

Changes for 2003–04

A summary of the changes from the 2002–03 student-focused funding approach is provided below with details outlined in the relevant sections of this paper.

Special Education

Intensive Support Amount

In the 2001–02 school year, the ministry began a Comprehensive Review of Intensive Support Amount (ISA) funding. This review allowed school boards to submit claims against the ISA Level 2 and 3 eligibility criteria over an extended period of four cycles between November 2001 and December 2002. The clarified ISA eligibility criteria can be found in the *ISA Guidelines 2001–02: Addendum*. Claims were reviewed by a team of ministry validators.

The Education Equality Task Force and the Minister's Advisory Council on Special Education recommended that the government recognize the level of need for special education funding that school boards have demonstrated through the ISA Comprehensive Review. In December, the government responded by making a commitment to fund all eligible ISA claims, beginning in the 2002–03 school year, and also announced that funding for special education would be increased by $250 million annually.

For 2002–03, boards will receive ISA funding based on the results of the Comprehensive Review. For 2002–03, ISA funding has been increased by $201 million. This increase responds directly to the level of need demonstrated by school boards in 2002–03. In 2003–04, boards will be able to submit new claims. The ministry projects that, as a result of new criteria, boards will be eligible for a further increase of $50 million in 2003–04. Actual funding levels will depend on results of further claims and confirmation of enrolment of students with eligible files.

Geographic Circumstances Grant

Beginning in the 2003–04 school year, the government is increasing funding for small, rural, and northern schools by $19 million. Boards will receive $6.3 million to support programs in small schools, and $7 million to help meet the costs of widely dispersed schools. In addition, boards will receive $5.7 million through the Geographic Circumstances Grant as a result of the updates to the salary and classroom supplies benchmarks.

Additional funding for transportation (see Transportation Grant) will also help small, rural, and northern boards.

Declining Enrolment

In response to the Report of the Education Equality Task Force, the government is providing an additional $5 million in 2004–05 to extend the Declining Enrolment Adjustment from two to three years. Boards with enrolment declines in 2002–03 will now receive three, rather than two, years of funding to ensure their smooth transition to a reduced cost structure.

For 2003–04, the government will provide the second year of Declining Enrolment Adjustment funding. Boards that received Declining Enrolment Adjustment funding in 2002–03 will receive half of that amount as well as their adjustment for the 2003–04 school year. As a result, funding for the Declining Enrolment Adjustment will increase significantly, from $36 million to $119 million, an increase of approximately 230 percent.

Learning Opportunities Grant

For 2003–04, the government has allocated $50 million for a new component of the Learning Opportunities Grant to assist students who may be at risk of not achieving their education goals. The objectives of the new strategy are to enhance programs for students at risk, including improving the teaching and learning of literacy and numeracy, increasing the number of students passing the Grade 10 Literacy Test, and increasing opportunities for students to participate in a successful school-to-work pathway.

Transportation Grant

For 2003–04, funding for transportation for all boards is being increased by 3.32 percent in recognition of cost pressures of providing school bus services. School boards that experience enrolment increases in 2003–04 will also receive proportional increases to their transportation funding allocation. Boards with declining enrolment will retain their current base allocation, increased by 3.32 percent. This funding represents approximately one-half of the benchmark update recommended by the EETF for student transportation.

School Renewal Grant

A total of $50 million will be provided to school boards in 2003–04 to enable them to address their most pressing renewal needs. Of this amount:

- $25 million will be used to enhance funding for school renewal, distributed among boards in proportion to estimates of renewal needs, which were developed in Spring 2002.
- $25 million will be used to provide resources to enable boards to construct replacement facilities for schools identified as being prohibitive to repair.
    - $12.4 million will be allocated in 2003–04 for 34 schools identified as being prohibitive to repair as a result of inspections conducted between November 2002 and January 2003. This level of funding will support construction projects valued at $124 million.

- $12.6 million will be reserved to support capital construction costs associated with replacing prohibitive to repair schools identified in the ongoing school inspection program (to be completed by December 2003).

Salary Benchmark increases

In December 2002, in response to a recommendation of the Education Equality Task Force, the government announced a 3 percent increase in the salary benchmarks of teaching and non-teaching staff to assist school boards when negotiating collective agreements. This increase will add $340 million in 2002–03.

In 2003–04, the salary benchmarks have been increased by a further 3 percent, adding $340 million.

Textbooks, Learning Materials, Classroom Computers, Classroom and In-School Administration Supplies

In response to a recommendation of the Education Equality Task Force to adjust learning supplies benchmarks, the government announced it will provide an additional $66 million over 3 years in new annual funding for textbooks, learning materials, classroom computers, and supplies.

For 2003–04, these benchmarks have been increased by the first $22 million of the announced $66 million.

The table below shows the impact of the changes in the salary and classroom supplies benchmarks on student-focused funding grants.

Impact of Benchmark Increases in 2003–04

Grant	Salary	Classroom Supplies
	(in $ millions)	
Foundation	209.7	16.2
Special Education (SEPPA Component)	49.1	0.5
Language	10.6	2.0
Geographic Circumstances	4.3	1.4
Learning Opportunities	7.6	0.9
Continuing Education and Other Programs	3.8	0.3
Teacher Qualifications and Experience	18.3	0.0

Grant	Salary	Classroom Supplies
	(in $ millions)	
Early Learning	1.0	0.2
Administration and Governance	8.3	0.2
School Operations	23.7	0.0
Totals	336.3	21.7
Total of Salary and Classroom Supplies		**$358.0**
Other Benchmark Funding		
Transportation		**$20.9**
Other Education Programs		**$3.6**
Total Impact of Benchmark Increases		
Salary, Classroom Supplies, Transportation, and Other Education Programs		**$382.5**
% Increase (over 2002–03 Projections of $14,214.6B)		**2.69%**

Further Information

If you have any questions about the material in this paper, please contact your Ministry of Education district office finance officer or the following branches of the ministry:

Education Finance Branch	(416) 325-2830
Business Services Branch	(416) 325-4242
Transfer Payments and Financial Reporting Branch	(416) 314-3711

Student-Focused Funding Grants

Student-focused funding consists of a Foundation Grant, ten special purpose grants, and a grant for Pupil Accommodation as summarized below.

FOUNDATION GRANT

- Classroom teachers
- Teaching assistants
- Textbooks and learning materials
- Classroom supplies
- Classroom computers
- Library and guidance services
- Professional and para-professional supports
- Preparation time
- In-school administration
- Classroom consultants
- Local Priorities Amount

SPECIAL PURPOSE GRANTS

1. Special Education Grant
2. Language Grant
3. Geographic Circumstances Grant
4. Learning Opportunities Grant
5. Continuing Education and Other Programs Grant
6. Teacher Qualifications and Experience Grant
7. Early Learning Grant
8. Transportation Grant
9. Declining Enrolment Adjustment
10. School Board Administration and Governance Grant

PUPIL ACCOMMODATION GRANT

- School Operations
- Facilities Renewal
- New Pupil Places
- Outstanding Capital Commitments
- Debt Charges

Foundation Grant

The Foundation Grant is a per pupil allocation that supports the components of a classroom education that are required by and generally common to all students. The government adjusted salary benchmarks for the 2002–03 and 2003–04 school years, and benchmarks for classroom supplies in 2003–04, in response to recommendations of the Education Equality Task Force. As a result, benchmarks in both the elementary and secondary panels of the Foundation Grant were enhanced. For this school year, the ministry projects that total funding from the Foundation Grant will be $8.11 billion. The actual total will vary over the course of the school year based on board enrolment.

Foundation Grant – ELEMENTARY	**# staff per 1,000 students**		**average salary + % benefits**	**$ per pupil for supplies and services**	**$ allocation per pupil**
Classroom Teacher Class size: 24.5:1	Classroom Teacher	40.82	54,079 + 12%		$2,472
	Supply Teacher			88	88
	Staff development			11	11
Teaching Assistants		0.20	23,966 + 16%		6
Textbooks and Learning Materials				77	77
Classroom Supplies				79	79
Classroom Computers				44	44
Library and Guidance Services	Teacher Librarian	1.30	54,079 + 12%		79
	Guidance Teacher	0.20	54,079 + 12%		12
Professional/Para-Professional Supports		1.33	46,347 + 14.8%		71
Prep Time		4.08	54,079 + 12%		247
In-School Administration	Principal	2.75	84,125 +12%		259
	Vice-Principal	0.75	76,767 +12%		64
	Department Head	0.00			
	Secretary	3.67	30,072 +18%		130
				6	6
Classroom Consultants		0.48	74,444 +12%		40
Local Priorities Amount					200
TOTAL FOUNDATION GRANT		**55.58**		**$305**	**$3,885**

Foundation Grant – SECONDARY	# staff per 1,000 students		average salary + % benefits	$ per pupil for supplies and services	$ allocation per pupil
Classroom Teacher Class size: 21:1	Classroom Teacher	42.86	54,079 + 12%		$2,596
	Supply Teacher			65	65
	Staff development			12	12
	Teacher Adviser	1.09	54,079 + 12%		66
Teaching Assistants					
Textbooks and Learning Materials				103	103
Classroom Supplies				179	179
Classroom Computers				58	58
Library and Guidance Services	Teacher Librarian	1.10	54,079 + 12%		67
	Guidance Teacher	2.60	54,079 + 12%		157
Professional/Para-Professional Supports		2.10	46,347 + 14.8%		112
Prep Time		8.79	54,079 + 12%		532
In-School Administration	Principal	1.10	91,745 + 12%		113
	Vice-Principal	1.50	80,986 +12%		136
	Department Head allowances	9.00	3,461 + 12%		35
	Secretary	5.33	31,678 + 18%		199
				6	6
Classroom Consultants		0.54	74,444 + 12%		45
Local Priorities Amount					200
TOTAL FOUNDATION GRANT	**(Excluding Department heads)**	**67.01**		**$423**	**$4,681**

Calculations Concerning Secondary School Classroom Teachers and Teaching Time

The Foundation Grant provides funding for secondary school classroom teachers that is based on the legislated teaching time and class size standards. The grant is based on:

- the legislated standard that, at a secondary school level, teachers are assigned to provide instruction to pupils for a minimum average of at least 6.67 eligible courses (including 0.17 of a course for teacher adviser time) in a day school program during the school year;
- the provincial standard for average secondary class sizes (21:1); and
- an average per pupil credit load of 7.2 credits per student.

The *Stability and Excellence in Education Act, 2001* enhances the ability of school boards and school authorities to address local priorities while continuing to comply with government standards on class size and teaching assignments. Sections of the Act require school boards to develop and implement board plans on co-instructional activities. The Act also allows school boards to increase average maximum secondary class size by up to one student and to redeploy resources that result to provide greater flexibility in counting instruction time. As well, the Act's regulations allow boards to include teacher adviser programs, remedial programs, programs for the supervision of pupils, and substitution programs in their calculation of teachers' instruction time.

Description of Foundation Grant Components

Classroom Teachers

Salaries and benefits (which include the normal cost of retirement gratuities) for classroom teachers (including teacher adviser duties at the secondary level), supply and occasional teachers to cover absences, and professional development for teachers.

The benchmarks for this component were increased by 3 percent in 2002–03 and a further 3 percent in 2003–04.

Teaching Assistants

Salaries and benefits for teaching assistants who support teachers in the classroom, primarily in Junior Kindergarten (JK) and Senior Kindergarten (SK).

The benchmarks for this component were increased in both 2002–03 and 2003–04.

Textbooks and Learning Materials

Textbooks, workbooks, resource materials, updating library materials, instructional software, CD ROMs, Internet expenses, and technology supporting distance education.

The benchmarks for this component were increased in 2003–04.

Classroom Supplies

Other classroom supplies, such as paper, pens, pencils and other materials, classroom equipment.

The benchmarks for this component were increased in 2003–04.

Classroom Computers

Classroom computers (hardware only) and the associated network costs.

The benchmarks for this component were increased in 2003–04.

Library and Guidance Services

Salaries and benefits for teacher librarians and guidance teachers. Guidance teachers at the elementary level are those providing guidance primarily to Grades 7 and 8 pupils.

The benchmarks for this component were increased in both 2002–03 and 2003–04.

Professional and Paraprofessional Services

Salaries and benefits for staff who provide support services to students and teachers, and includes attendance counsellors, social workers, child/youth workers, community workers, and computer technicians. Professionals and paraprofessionals who provide support for special education, such as psychologists, psychometrists, and speech pathologists, are funded through a combination of the Foundation Grant, the Special Education Grant, and some special purpose grants (such as the Geographic Circumstances Grant).

The benchmarks for this component were increased in both 2002–03 and 2003–04.

Preparation Time

Salaries and benefits for extra teachers needed to allow teachers nonclass time for lesson preparation, marking, and consulting other professionals and parents.

The benchmarks for this component were increased in both 2002–03 and 2003–04.

In-School Administration

Salaries and benefits for principals, vice-principals, department heads at the secondary level, and school clerical staff, as well as supplies for school administration purposes, including for school councils.

The salary benchmark of this component was increased in both 2002–03 and 2003–04.

The classroom supplies benchmarks of this component have been increased in 2003–04.

Classroom Consultants

Salaries and benefits for teacher consultants and coordinators (for example, reading specialists, program specialists who assist teachers in developing curriculum or in working with individual students).

The benchmarks for this component were increased in both 2002–03 and 2003–04.

Local Priorities Amount

Funding that gives boards additional flexibility to direct these resources to meet their local needs. In 2003–04, school boards will have over $390 million that they may use for local priorities.

Special Purpose Grants

The costs of education differ depending on the needs of an individual student and where that student lives. Student-focused funding's special purpose grants are designed to respond to these differences, by recognizing the need for specialized programs for students with special needs, and the different levels of support that students require related to language proficiency, location, transportation, and other variations in personal and local circumstances. The ten special purpose grants are as follows:

Grant	Student-Focused Funding * ($ Million)
Special Education	$1,650
Language	$476
Geographic Circumstances	$207
Learning Opportunities	$358
Continuing Education and Other Programs	$156
Teacher Qualifications and Experience	$628
Early Learning	$12
Transportation	$652
Declining Enrolment	$119
School Board Administration and Governance	$464

* These amounts are Ministry of Education projections for the 2003–04 school year. Actual funding will vary over the course of the school year based on board enrolment, other factors used in calculating the grants, and board program decisions.

Special Education Grant

The Special Education Grant provides funding for exceptional pupils and other students who need special education programs and supports. This funding is intended to support the additional programs, services, and equipment required to meet the educational needs of these students.

The Special Education Grant includes two components: the Special Education Per Pupil Amount (SEPPA) and the Intensive Support Amount (ISA).

The government immediately responded to the short-term recommendation of the Education Equality Task Force in December 2002 by adding $250 million on an annual basis to ongoing funding for special education.

The government also adjusted salary benchmarks for the 2002–03 and 2003–04 school years. To implement this increase, the SEPPA component has been enhanced.

In 2003–04, benchmarks for classroom supplies in SEPPA have also been updated.

For 2003–04, a projected total of $1.65 billion is available in the Special Education Grant distributed as follows:

SEPPA	$810.5M
ISA Level 1	$7.2M
ISA Levels 2 and 3	$765.0M
ISA Level 4	$66.9M
Total	$1.65B

The amount for ISA Levels 2 and 3 includes an allocation of $1.5 million for the Special Incidence Portion (SIP).

Special Education Per Pupil Amount

Special Education Per Pupil Amount (SEPPA) funding is allocated to boards on the basis of total enrolment. SEPPA recognizes the costs of providing additional assistance to the majority of students with special needs. The SEPPA amounts for 2003–04 are:

$562 per JK to Grade 3 student
$424 per Grade 4 to Grade 8 student
$274 per Grade 9 to 12* student.

For 2003–04, the SEPPA portion of the Special Education Grant has been increased as a result of the increase to the salary benchmarks including the 3 percent increase in 2002–03 announced in December 2002, and a further increase of 3 percent in 2003–04. SEPPA has also been increased by a portion of the increase to the classroom supplies benchmarks.

Increases for benchmarks in SEPPA include salaries and classroom supplies costs funded by both SEPPA and the Intensive Support Amount (ISA).

Intensive Support Amount

Intensive Support Amount (ISA) funding has 4 levels:

ISA 1

This level covers the incremental cost of an individual student's equipment needs in excess of $800 in the year of purchase. Boards are expected to cover the first $800. For example, a board with a student requiring an adapted computer that costs $3,000 would receive $2,200 in ISA 1 funding, if approved.

ISA 1 claims in excess of $6,000 per student require Ministry of Education district office approval.

ISA 1 purchases are portable. Equipment will normally travel with the student if the student transfers to another board.

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* In the 2003–04 school year, boards are permitted to provide Grade 12 OS:IS courses and OACs in the following compulsory subjects: English, math, français, science, history and geography. By the end of the 2003–04 school year, OS:IS curriculum will have been completely phased out of Ontario's secondary schools.

ISA 2 and 3

These levels address the cost of providing the intensive staff supports required by the small number of pupils with very high needs. School boards submit funding claims based on information about students that may meet eligibility criteria. Eligible ISA Level 2 files are funded at $12,000 per file. Eligible Level 3 files are funded at $27,000. Eligibility criteria are set out in the ministry publication, *ISA Guidelines 2001–02: Addendum* (available through the Ministry of Education's website, http://www.edu.gov.on.ca.).

In 2001, the ministry initiated a Comprehensive Review of ISA 2 and 3 funding, based on recommendations of partners in education on the ISA working group.

The Education Equality Task Force and the Minister's Advisory Council on Special Education recommended that the government recognize the level of need for special education funding that school boards have demonstrated through the Intensive Support Amount Comprehensive Review. In December 2002, the government responded by making a commitment to fund all eligible ISA claims, beginning in the 2002–03 school year.

In December 2002, the government announced that funding for special education would be increased by $250 million annually, and also allocated additional funding of $130 million for ISA, based on interim results of the ISA Comprehensive Review.

In January and February 2003, the ministry completed the review and verified each board's information about eligible files. The ministry is now able to confirm the final results of the ISA Comprehensive Review for 2002–03.

For the 2002–03 school year, school boards are eligible for an additional $71.5 million, above the $130 million already allocated in December 2002. This amount reflects funding on an annual basis for all eligible ISA claims of students enrolled in school boards in 2002–03.

Sixty-seven school boards have received an increase in ISA funding, either from the interim funding allocated in December or the final result, or both. Five school boards did not demonstrate a level of need higher than their initial allocation for ISA at the beginning of the 2002–03 school year. For these boards, stable funding has been maintained. No board had its ISA funding reduced in 2002–03 from its initial allocation in 2002–03.

For the 2003–04 school year, boards will again have an opportunity to submit claims for ISA funding. The criteria for eligibility for ISA funding will remain the same as the criteria used in the Comprehensive Review. Boards will be asked to estimate the funding impacts of new claims and the attrition of eligible files as part of their Estimates submission for 2003–04.

The government's commitment in December 2002 was that it would recognize the level of need demonstrated by eligible ISA claims. At that time, the government indicated that ISA funding would increase by an annual amount of approximately $250 million. The ministry projects that, as a result of new eligible claims (net of files that leave boards), ISA funding will increase to approximately $815 million in 2003–04, or $250 million

higher than the initial allocation of $565 million at the beginning of 2002–03.

The actual change in ISA funding will depend on results of ISA claims and audit in 2003–04.

Special Incidence Portion

A Special Incidence Portion (SIP) may also be approved by the Minister to support pupils with exceptionally high needs. Eligibility criteria for SIP are outlined in the 2001–02 *Intensive Support Amount (ISA) Guidelines for School Boards.* SIP claims require Ministry of Education district office approval.

ISA 4 (Special Education Programs in Facilities)

This level provides funding for programs for pupils who are receiving their education in facilities such as hospitals, children's mental health centres, psychiatric institutions, detention and correctional facilities, community living/group homes, and other social services agencies. These programs are called Section 20 programs because of the section number of the Student-Focused Funding: Legislative Grants regulation that authorizes their funding. (Formerly, these programs were called Section 19 programs.)

The ministry approves a budget for each Section 20 classroom and provides funding to school boards for teachers, educational assistants and classroom supplies. Revenues are reduced for boards where a program operates on a smaller scale than was projected, or ceases to operate during the school year.

Language Grant

The Language Grant has five components:

- French as a First Language;
- French as a Second Language;
- Language of Instruction – English as a Second Language/English Skills Development;
- Language of Instruction – Actualisation linguistique en français/Perfectionnement du français; and
- Native Language.

For 2003–04, the Language Grant has been increased as a result of the increase to the salary benchmarks, including the 3 percent increase in 2002–03 announced in December 2002, and a further 3 percent for 2003–04. The grant has also been increased to reflect the increase to the classroom supplies benchmarks.

Total funding of $476 million is projected for the Language Grant.

French as a First Language

This funding, which is available to French-language boards only, recognizes the higher instructional, materials, and program support costs incurred in providing French-language programs. Funding benchmarks for 2003–04 are $412 per elementary pupil and $666 per secondary day school pupil (on the basis of average daily enrolment [ADE]), excluding pupils aged 21 and over.

Start-up funding for new elementary classes in French is provided at the rate of $11,376 for each new elementary school established by a board in 2003–04.

French as a Second Language

This funding, which is available to English-language boards only, provides for the additional costs of providing core French, extended French, and French immersion programs. Funding for French as a Second Language (FSL) is based on the number of pupils enrolled in these programs and the average daily length of the program.

French as a Second Language (FSL) – Elementary

At the elementary level, funding is provided for core and extended French based on enrolment in French programs for Grades 4 to 8. French immersion programs, if offered by the board, are funded based on enrolment in French programs for Junior Kindergarten to Grade 8.

Current ministry policy requires that each elementary student accumulate at least 600 hours of French-language instruction by the end of Grade 8. School boards are required to plan their French-language programs so that students are able to meet this requirement.

Average daily length of program		Allocation per pupil enrolled in the program
20 – 59 minutes	(Core, Grades 4 to 8)	$244
60 – 149 minutes	(Extended, Grades 4 to 8)	$278
150 minutes or more	(Immersion, Grades 1 to 8)	$311
75 minutes or more	(Immersion, JK and K)	

French as a Second Language (FSL) – Secondary

The funding is established according to credits as follows:*

Grades	Allocation per pupil credit – French as a subject	Allocation per pupil credit – subjects other than French taught in French
9 and 10	$62	$102
11, 12**	$82	$159

Language of Instruction

Ontario's rigorous curriculum requires that students develop strong English- and French-language skills for future success. The cultural and linguistic diversity of Ontario's population means that many students require extra help to develop proficiency in the

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* Data source: *Elementary School October Report, 2003* – pupils enrolled on October 31, 2003, Section F; *Secondary School October Report, 2003* – pupil credits on October 31, 2003, Section F; and *Secondary School March Report, 2004* – pupil credits on March 31, 2004, Section F.

** In the 2003–04 school year, boards are permitted to provide Grade 12 OS:IS courses and OACs in the following compulsory subjects: English, math, français, science, history and geography. By the end of the 2003–04 school year, OS:IS curriculum will have been completely phased out of Ontario's secondary schools.

language of instruction. These include students who are recent immigrants to Canada and students who live in homes where the first language spoken is neither English nor French.

Two components of the Language Grant provide school boards with resources to meet the needs of these students. English-language school boards receive the English as a Second Language/English Skills Development (ESL/ESD) component. French-language boards receive the Actualisation linguistique en français/Perfectionnement du français (ALF/PDF) component.

In 2003–04, there will be a change to the criterion used to determine which students are eligible to be counted as "recent immigrants" for the purpose of calculating these components. The number of students who entered Canada within the last three years will now be based on the country of birth, rather than the country from which the student entered Canada. This change will simplify reporting and will recognize students who have "stopped over" in an English-speaking country, such as the USA, before entering Canada.

In this context, "eligibility" means that a pupil meets the criteria for funding, that is, date of entry into Canada and country of birth. It does not measure any individual pupil's need for ESL/ESD or ALF/PDF programs and services. As in previous years, the Language of Instruction components of the Language Grant use available data to determine each school board's relative share of need. The calculations are not intended to count every student who requires support or to determine individual needs for these programs. Boards use resources provided by the Grant to provide language services and supports to students who need them.

English as a Second Language/English Skills Development (ESL/ESD)

The funding is available to English-language boards and is based on the following two components:

1) This first component ("recent immigrants") provides a total of $5,385 per eligible student over three years and is based on the number of recent immigrant pupils born in countries where English is not a first or standard language.

   The variables used in calculating this component are:

   (i) a weighting factor for each of the three years; and

   (ii) the number of eligible pupils who entered Canada in each year.

i) WEIGHTING FACTORS

Year	Start date		End date	Weighting Factor
1	September 1, 2002	–	October 31, 2003	1
2	September 1, 2001	–	August 31, 2002	0.6
3	September 1, 2000	–	August 31, 2001	0.3

ii) NUMBER OF ELIGIBLE PUPILS

Principals are required to report under Section E of the *Elementary School October Report, 2003,* and Section E of the *Secondary School October Report, 2003*, the number of pupils enrolled in the schools, who entered Canada during the last three years and were born in a country where English is not a first or standard language. Schools are required to keep appropriate immigration information in a pupil's Ontario Student Record (OSR) to support the number of pupils reported as having entered Canada during the last three years.

Total "Recent Immigrant" Allocation

The allocation is the sum of the weighted numbers of eligible pupils for each year multiplied by $2,834:

"Recent Immigrant" Allocation = *Total number of weighted recent immigrant pupils* x *$2,834*

2) The second component ("Pupils in Canada") is calculated by the ministry based on Statistics Canada data on the number of children aged 5 to 19 years whose language spoken most often at home is neither English nor French. This data is a proxy measure for the relative ESL/ESD need among boards for pupils not covered by the first component. Each board's allocation is set out in Table 1 of the 2003–04 Student-Focused Funding: Legislative Grants regulation. The distribution among boards is calculated as follows:

$$\frac{\text{Number of children described above within board's area}}{\text{Provincial total of children described above}} \times \$22M$$

The distribution of children aged 5 to 19 between public and separate boards is based on the number of pupils residing within each enumeration area and on assessment data.*

TOTAL ESL/ESD ALLOCATION

ESL/ESD Allocation	=	*Total "Recent Immigrant" allocation*	+	*Total "Pupils in Canada" allocation from Table 1 of 2003–04 grant regulation*

Actualisation linguistique en français/Perfectionnement du français (ALF/PDF)

The funding is available to French-language boards and is based on the following two components:

Actualisation linguistique en français (ALF)

This component of the funding is designed to assist French-language school boards in providing language instruction to pupils who are entitled to French-language education by virtue of Section 23 of the *Canadian Charter of Rights and Freedoms* and who have limited or no competencies in French, or use a variety of language that is different from standard French.

The ALF funding component under student-focused funding for language of instruction is based on the following three factors and is calculated separately for each geographic area within the French-language public (or separate) board that is coterminous with the English-language public (or separate) board:

i) BASIC LEVEL OF SERVICE

Elementary:	1 instructional unit/200 pupils for the first 200 pupils
Elementary:	1 instructional unit/400 pupils for the next 1,600 pupils
Elementary:	1 instructional unit/750 pupils for the remainder of pupils
Secondary:	1 instructional unit/400 pupils for the first 1,200 pupils
Secondary:	1 instructional unit/750 for remainder of pupils

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* Data source: Statistics Canada, 1996 Census – information on the 5 to 19 years population group where the language spoken most often at home is neither English nor French.

ii) ASSIMILATION FACTOR

The assimilation factor is based on the percentage of students in French-language instructional units over total students (English and French) within the coterminous geographic areas within the French-language district school board (as referred to above).

1.5 for 0–10 %

1.0 for 10–100 %

The Assimilation Factors are listed in Table 2 of the 2003–04 Student-Focused Funding: Legislative Grants regulation.

iii) COST PER INSTRUCTIONAL UNIT

The cost per instructional unit for 2003–04 is determined on a combined panel basis (elementary and secondary).

Elementary $65,403

Secondary $65,403

Total ALF Allocation

The total ALF allocation for the French-language boards is the sum of the ALF funding components calculated for each geographic area within the French-language board that is coterminous with an English-language public (or separate) board:

ALF funding *(for each geographic area)*	=	*Number of instructional units for basic level of service*	x	*Assimilation factor*	x	*Cost per instructional unit*

Perfectionnement du français (PDF)

The second component is for PDF programs and provides a total of $5,385 per eligible student over three years. It is based on the number of recent immigrant pupils who do not have Section 23 rights under the *Charter*, and who were born in countries where French is a language of administration or schooling.

The PDF program is intended for pupils who have been admitted in the schools through the board's admissions committee. These pupils are generally born outside Canada and have one of the following characteristics:

- they speak a variety of language that is different from standard French,
- their schooling has been interrupted, or

- they have little knowledge of Canada's two official languages or need to familiarize themselves with the new environment.

The variables used in calculating this component are:

(i) a weighting factor for each of the three years; and

(ii) the number of eligible pupils who entered Canada in each year.

i) WEIGHTING FACTORS

Year	Start date		End date	Weighting Factor
1	September 1, 2002	–	October 31, 2003	1
2	September 1, 2001	–	August 31, 2002	0.6
3	September 1, 2000	–	August 31, 2001	0.3

ii) NUMBER OF ELIGIBLE PUPILS

Principals are required to report under Section E of the *Elementary School October Report, 2003,* and Section E of the *Secondary School October Report, 2003*, the number of pupils enrolled in the schools, who entered Canada during the last three years and were born in a country where French is not a first or standard language. Schools are required to keep appropriate immigration information in a pupil's Ontario Student Record (OSR) to support the number of pupils reported as having entered Canada during the last three years.

Total PDF Allocation

The allocation is the sum of the weighted numbers of eligible pupils for each year multiplied by $2,834:

PDF Allocation = *Total number of weighted recent immigrant pupils* x *$2,834*

TOTAL ALF/PD ALLOCATION

ALF/PDF allocation = *Total ALF allocation* + *Total PDF allocation*

Native Language – Aboriginal Languages

This funding assists school boards that provide Native-language (NL) programs. Funding is based on the number of pupils enrolled in the program and the average daily length of the program as set out in the following tables.

Native Language (NL) – Elementary

Average daily length of program	Allocation per pupil enrolled in the program
20 – 39 minutes	$234
40 minutes or more	$416

Native Language (NL) – Secondary

The funding is established according to credits as follows:*

Level/Grades	Allocation per pupil credit
9 and 10	$62
11, 12**	$82

* Data source: *Elementary School October Report, 2003* – pupils enrolled on October 31, 2003, Sections G and H; *Secondary School October Report, 2003* – pupil credits on October 31, 2002, Sections G and H; and *Secondary School March Report, 2004* – pupil credits on March 31, 2004, Sections G and H.

** In the 2003–04 school year, boards are permitted to provide Grade 12 OS:IS courses and OACs in the following compulsory subjects: English, math, français, science, history and geography. By the end of the 2003–04 school year, OS:IS curriculum will have been completely phased out of Ontario's secondary schools.

Geographic Circumstances Grant

The Geographic Circumstances Grant is designed to recognize the additional costs of operating small schools in isolated areas, and costs that are associated with the geography of boards (including board size and school dispersion).

The components of the Geographic Circumstances Grant are as follows:

- Small Schools Allocation (including an allocation for principals)
- Remote and Rural Allocation.

Beginning in the 2003–04 school year, the government will increase funding for small, rural, and northern schools by $19 million. Boards will receive $6.3 million to support programs in small schools, and $7 million to help meet the costs of widely dispersed schools. In addition, boards will receive $5.7 million through the Geographic Circumstances Grant as a result of the increase to the salary benchmarks, including the 3 percent increase in 2002–03 announced in December 2002, and a further 3 percent for 2003–04. The Grant has also been increased by a portion of the increase to the classroom supplies benchmarks announced in March 2003.

Rural Education Strategy

In March 2003, the government announced $50 million for a new rural education strategy. The ministry will be consulting with partners in education, especially in rural and northern Ontario, to develop this new strategy. Allocations to specific boards will be determined once the strategy has been approved. The government has announced its intent to provide the $50 million increase in the 2003–04 school year.

Total funding of $207 million is projected for the Geographic Circumstances Grant, but does **not** include funding for the rural education strategy.

Small Schools Allocation

Student-focused funding provides financial assistance through the Small Schools Allocation to offset the higher per pupil cost of programs in small schools.

Small elementary schools are defined as schools having fewer than an average of 20 pupils per grade, located 8 or more kilometres from other elementary schools of the board.

Small secondary schools are defined as schools having fewer than an average of 150 pupils per grade, located 32 or more kilometres from other secondary schools of the board.

For 2003–04, an enhancement of $6 million will provide boards with small secondary schools with additional resources to meet the incremental costs of operating small schools, including the cost of teachers.

The ministry has also adjusted the calculation of the small schools allocation to reflect the new curriculum under secondary school reform. For the purpose of determining pupils per grade at the secondary level, the number of grades is to be capped at four. To offset this impact on funding, the thresholds of the school factor and remoteness factor components of the secondary small schools allocation have been adjusted so that the elimination of Ontario Academic Courses (OACs) does not adversely affect funding for this allocation.

Detailed Calculation of Small Schools Allocation – Elementary

Sum for all schools of:

$$\textbf{Small School Allocation} = \text{School factor} \times \text{Remoteness factor} \times \text{School enrolment} \times \$6{,}458$$

School Factor

= 1.0 for schools with fewer than 2 pupils per grade,

= a sliding scale between 1.0 and 0.2 for schools with between 2 and 10 pupils per grade,

$$0.2 \times \left(\frac{10}{\text{Pupils per grade of School A}} \right)$$

= a sliding scale between 0.2 and 0 for schools with between 10 and 20 pupils per grade,

$$0.2 \times \left(1 - \frac{\text{Pupils per grade of School A} - 10}{10} \right)$$

$$\text{Where pupils per grade for School A} = \frac{\text{Enrolment of School A}}{\text{Number of grades of School A}}$$

Where there are two or more schools within 8 kilometres of each other (within the same board), the calculation of the adjusted pupils per grade is done by combining the enrolment of the schools and calculating the pupils per grade as though these schools were one school.

Remoteness Factor	=	1.50	for schools or portions of a twinned or annexed school located more than 80 kilometres from all other elementary schools or portions thereof under the jurisdiction of the board, and
	=	1.25	for schools or portions of a twinned or annexed school located more than 32 kilometres and fewer than 80 kilometres from all other elementary schools or portions thereof under the jurisdiction of the board, and
	=	1.0	for all other schools.

In determining the distance for a French-language school, only those French-language schools located within the jurisdictional boundary of a coterminous English-language board are to be considered, and this determination is to be done separately for each of the English-language board jurisdictions with which the French-language board is coterminous.

School Enrolment Means the full-time equivalent day school enrolment at October 31, 2003. JK and SK are counted as 0.5 FTE. In the case of combined programs, JK and SK enrolment is counted as 0.4 FTE and 0.6 FTE.

For purposes of calculating the number of grades, Junior Kindergarten and Kindergarten are counted as 0.5 grade each. Special education or "ungraded" is not counted as a grade. Only grades with actual pupil enrolment are to be counted for the purpose of determining pupils per grade.*

Detailed Calculation of Small Schools Allocation – Secondary

Sum for all schools of:

Small School Allocation	=	*School factor*	x	*Remoteness factor*	x	*School enrolment*	x	*$9,294***

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* Data Source: 2003 October School Reports.

** A portion of this $9,294 includes a component addressing the $6 million enhancement.

School Factor = 0.45 for schools with fewer than 25 pupils per grade,

= for schools with between 25 and 75 pupils per grade,

$$0.15 \times \left(\frac{75}{\text{Pupils per grade of School A}} \right)$$

= for schools with between 75 and 150 pupils per grade,

$$0.15 \times \left(1 - \frac{\text{Pupils per grade of School A} - 75}{75} \right)$$

$$\text{Where pupils per grade for School A} = \frac{\text{Enrolment of School A}}{\text{Number of grades of School A}}$$

Remoteness Factor = in the case where School A is located more than 80 kilometres from all other secondary schools under the jurisdiction of the board, the school factor of School A is increased by the factor defined below:

For schools with fewer than 25 pupils per grade, remoteness factor = 2.0

For schools with between 25 and 150 pupils per grade:

$$\text{Remoteness Factor} = 1 + \left(\frac{50}{\text{Pupils per grade of School A} + 25} \right)$$

In determining the distance for a French-language school, only those French-language schools located within the jurisdictional boundary of a coterminous English-language board are to be considered, and this determination is to be done separately for each of the English-language board jurisdictions with which the French-language board is coterminous.

School Enrolment Means the full-time equivalent day school enrolment at October 31, 2003, excluding pupils 21 and over.

Pupils Per Grade

For the purposes of calculating the number of secondary school grades:*

If junior high with Grades 7–9	1 grade
If secondary school with Grades 9–12	4 grades

Pre-Grade 9 is not counted as a grade.

To reflect the new curriculum under secondary school reform, a maximum of 4 grades are to be counted.

Only grades with actual pupil enrolment are to be counted for the purpose of determining pupils per grade.

Principals Component of the Small Schools Allocation

This allocation provides enhanced funding for principals to boards that have a high proportion of small schools. Boards that receive this funding have the flexibility to use the funding to provide more principals or to increase the time that part-time principals can spend on their principal duties.

Funding under this allocation is available for principals where the average ratio of principals to schools at the elementary and secondary level is below a minimum threshold.

The definition of "school" used in this component is a school that has been identified as an elementary or secondary school in the Ministry's School Facilities Inventory database where pupils are enrolled in a day school program in 2003–04.

Principal allocation at the elementary level

$$\left(0.69 - \frac{\text{Elem. ADE} \times \$259}{\$84{,}125 \times 1.12 \times \#\ \text{of Elem. schools}}\right) \times \$84{,}125 \times 1.12 \times \#\ \text{of Elem. schools}$$

Principal allocation at the secondary level

$$\left(0.40 - \frac{\text{Sec. ADE} \times \$113}{\$91{,}745 \times 1.12 \times \#\ \text{of Sec. schools}}\right) \times \$91{,}745 \times 1.12 \times \#\ \text{of Sec. schools}$$

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* Data Source: 2003 October School Reports.

Remote and Rural Allocation

This funding responds to the higher cost of purchasing goods and services for small school boards, as well as for boards that are distant from major urban centres, and boards with schools that are distant from one another.

The Remote and Rural Allocation was changed in 2001–02 to include new eligibility criteria that better reflect the geographic characteristics that increase school board costs. To support the new criteria, $32 million was added to this allocation.

In 2003–04, an enhancement of $7 million to the school dispersion component of the Remote and Rural Allocation will be added, as part of the government's updating of the benchmarks. This increase will help boards meet the higher costs of providing goods and services to students in widely dispersed schools.

Three factors are used in determining funding:

- board enrolment,
- distance from an urban centre, and
- school dispersion.

Board Enrolment

This component supports the higher per pupil costs for goods and services faced by smaller school boards.

Enrolment	Per Pupil Allocation
0 – 4000	$301.5 – (Day School ADE x .0164)
4000 – 8000	$236.0 – ([Day School ADE – 4000] x .0188)
8000 – 16000	$160.8 – ([Day School ADE – 8000] x .0201)

Distance/Urban Factor/French-Language Equivalence

This component takes into account the additional costs of goods and services relating to remoteness and the presence or absence of urban centres. This component also recognizes that, much like remote school boards, French-language school boards in southern Ontario operating in a minority language context face higher costs in obtaining goods and services.

Distance (referred to as *D* in the formula below) is measured from the nearest defined cities of Toronto, Ottawa, Hamilton, London, or Windsor to the town or city located nearest to the geographic centre of the board.

Distance/urban allocation = *(per pupil allocation based on distance (D) x urban factor)*

Distance	Per Pupil Allocation
0 – 150 kilometres	$0
150 – 650 kilometres	$1.030 x (D-150)
650 – 1150 kilometres	$515 + [$0.136 x (D-650)]
!150 kilometres +	$583

City or town within a board's jurisdiction with a population of	Urban factor
0 – 25,000	1
25,000 – 200,000	$1 - \left(\frac{population - 25,000}{175,000} \right)$
200,000 +	0

Distance Equivalence

French-language school boards receive the higher of their distance/urban allocation or a distance allocation of $168 per pupil.

School Dispersion

This component recognizes the higher costs of providing goods and services to students in widely dispersed schools. In 2003–04, the school dispersion factor has been updated using Geographic Information System (GIS) technology.

The school dispersion measure consists of:

- the average distance between a board's schools, calculated on the basis of the shortest unique road route linking all the schools in a board, and
- the average road distance between the central board office and each school of the board, based on the shortest unique road route linking the board office with each school.

The average dispersion is expressed as a weighted average of two distances (school-to-school average weighted at 0.8 and board-office-to-school average weighted at 0.2).

Average Dispersion	Per Pupil Allocation
0 – 14 kilometres	$0
14 kilometres +	$5.41 x (Average Dispersion -14)

Only boards with an average dispersion distance greater than 14 kilometres qualify for funding under the dispersion component. Each qualified board's allocation for this component is determined by the following formula:

Dispersion amount = *(2003–04 ADE) x ($5.41/pupil) x (Dispersion factor - 14 km)*

Each board's average school dispersion distance is set out in Table 3 in the Student-Focused Funding: Legislative Grants regulation.

Learning Opportunities Grant

The Learning Opportunities Grant (LOG) for 2003–04 consists of four components:

- Demographic component;
- Early Literacy component;
- Literacy and Math Outside the School Day component); and
- Students at Risk component (new for the 2002–03 and 2003–04 school years).

For 2003–04, the Learning Opportunities Grant has been increased as a result of the increase to the salary benchmarks, including the 3 percent increase in 2002–03 announced in December 2002, and a further 3 percent for 2003–04. The Grant has also been increased to reflect the increase to the classroom supplies benchmarks announced in March 2003.

Total funding of $358 million is projected for the Learning Opportunities Grant.

Demographic Component

This component of the Learning Opportunities Grant provides funding to school boards based on social and economic indicators that have been associated with a higher risk of academic difficulties for students. This grant permits boards to offer a wide range of programs to improve the educational achievement of these students. Boards have considerable latitude in determining the kinds of programs and supports they provide with this funding.

For 2002–03, there was a $15 million enhancement based on the recommendation of the Learning Opportunities Grant working group, which met in the fall of 2001 to review options for revision to the LOG allocation method. The working group supported a new funding approach that uses more recent statistical data and an improved allocation method.

Every board received an increase to its Demographic component funding as part of this $15 million enhancement.

The portion of the Demographic component added in 2002–03 is determined by the following socio-economic indicators for the 1996 Census:

Indicator	Description (1996 Census)	Weight
Low Income Cut-Off (LICO)	The percent of all persons who are living below the low income cut-off (LICO) point.	4
Low Education	The percent of all persons 15 years or over who have less than a Grade 9 level education.	1
Recent Immigration	The percent of all persons who immigrated to Canada between 1991 and 1996.	1
Lone Parent Status	The percent of families that are lone-parent families.	1
Aboriginal Origin	The percent of all persons indicating "Aboriginal" as their ethnic origin.	1

Allocation Model for the Portion Added in 2002–03

1. Schools are ranked for each indicator.
2. Based on their variable ranks, schools generate per pupil funding units according to the funding unit scale. The 40 percent of schools with the most at risk students for a given variable receive funding units. The funding unit scale provides a gradual increase in the per pupil amount generated based on the level of risk in the school.
3. The per pupil funding units for each indicator are multiplied by the enrolment of the school to create a school-level funding units total for the indicator. Funding units for all indicators are summed to produce total school funding units.
4. Total funding amount is distributed on a school-basis proportional to the funding units.

$$\textit{Funding Unit Value} = \frac{\textit{Total Funding Available}}{\textit{Total Funding Units}}$$

$$\textit{School LOG Funding} = \textit{School Funding Units} \times \textit{Funding Unit Value}$$

5. School funding is summed to determine total funding for each school board.

Allocation Model for the Portion Introduced in 1998

The $200 million portion of the Demographic Component, maintained from prior years, is determined by the following socio-economic indicators:

Indicator	Description	Provincial Rate
Low Income Cut-Off (LICO)	The percent of all persons who are living below the low income cut-off (LICO) point. LICOs are determined by Statistics Canada and vary from community to community.	13.1%
Low Education	The percent of all persons 15 years or over who have less than a Grade 9 level education.	11.5%
Recent Immigrants	The percent of all persons who immigrated to Canada between 1988 and 1991.	3.25%
Aboriginal Status	The percent of all persons indicating "Aboriginal" as their sole ethnic origin.	0.7%

The funding is based on:

- the eligible enumeration areas within the board,
- funding units within eligible enumeration areas, and
- allocation of funding units among each board within the eligible areas.

Eligible Area

The area used for the purpose of the calculation is an enumeration area. An area is eligible where the percentage of the area population in any one of the four socio-economic indicators is at least twice the provincial rate. Once an enumeration area is eligible on any one of the four indicators, its funding is calculated based on the LICO rate for that enumeration area.

Funding Units

$$\textit{Funding units} = \textit{Child population (less than 18 years of age)} \times \left(\frac{\textit{\% area population [LICO]}}{\textit{provincial LICO rate}} \right)$$

In some instances, LICO information was not available for an eligible enumeration area due to the suppression of low response rates by Statistics Canada. Where no LICO information is available for the eligible enumeration area, the Low Education variable is used in place of LICO for the calculation of funding units.

Example:

Data for enumeration area A:

Child population (under 18 years old)	1300
% of population below the LICO point	11.1%
% of population with aboriginal status	0.1%
% of population 15 years and older with lower than Grade 9 education	24.0%
% of population who are recent immigrants	5.0%

In this example, the enumeration area qualifies since it is more than twice the provincial rate on the low education variable.

Funding units for eligible area A:

$$1{,}300 \times \left(\frac{11.1 \text{ [LICO rate of area A]}}{13.1 \text{ [provincial LICO rate]}} \right)$$

Allocation of Funding Units Among Boards

All funding units in eligible enumeration areas are summed according to census subdivisions (CSD). Funding units in a CSD are apportioned to each board by using municipal enumeration data showing school-aged population of public and separate and English and French electors.

The funding units that a board has accumulated are then translated into funding as follows:

$$\left(\frac{\text{Total number of funding units for a board}}{\text{Total number of funding units for all boards}} \right) \times \text{Total allocation}$$

Each board's allocation for the total Demographic component is set out in Table 4 of the 2003–04 Student-Focused Funding: Legislative Grants regulation.

Early Literacy Component

In 2000–01, the government began providing additional, ongoing funding to support improving early literacy for students from JK to Grade 3.

Funding for this component is being allocated on the basis of each board's share of enrolment from JK to Grade 3 (ADE). For 2003–04, the Learning Opportunities Grant is $122 for each of these early learners.

Boards are required to focus these new resources on primary students with the greatest need: students in Grades 1 to 3 whose achievement levels are 1 ("D" on a report card) or lower ("R" on a report card), and students in JK and SK whose reading readiness assessments show they need remedial help.

Literacy and Math Outside the School Day Component

In 2000–01, funding was added to the Learning Opportunities Grant so boards could provide additional supports to enhance the literacy and math skills of students at risk of not meeting the new curriculum standards and the requirements of the Grade 10 literacy test.

These courses or programs can be provided during the summer, and during the regular school year outside the regular school day, for:

- A class or course in literacy and math for pupils in Grade 7 or 8 for whom a remedial program in literacy and math has been recommended by the principal of the day school.
- A non-credit class in literacy and math for pupils in Grade 9 to 12* for whom a remedial program in literacy and math has been recommended by the principal of the day school.
- A class or course in literacy and math established for adults who are parents or guardians of pupils in all grades for whom the principal of the day school has recommended a remedial course in literacy and math.

Beginning in 2001–02, per pupil funding for this component was increased from $2,294 to $4,843 per ADE, so that a class of ten students will meet the average cost of a continuing education teacher. This increase affects summer school programs, as well as programs outside the school day. In 2002–03, this component was increased to $4,980 per ADE due to salary benchmark increases. In 2003–04, this component is further increased to $5,275 as a result of an additional increase to the salary benchmarks.

Transportation for pupils enrolled in summer school literacy and math programs is provided as follows:

$$\frac{\textit{2003–04 transportation allocation for the board}}{\textit{2003–04 ADE of pupils of the board}} \times \textit{ADE of Grades 7 to 12 literacy and math summer school programs} \times 3$$

* The average daily enrolment regulations have been amended to clarify that students in Grades 11 and 12 are eligible to enrol in remedial programs in literacy and numeracy that are provided outside the regular school day, where their enrolment has been recommended by the principal.

School Operations and School Renewal allocations are provided for students in Grades 7 to 12 literacy and math summer school programs under the Pupil Accommodation Grant.

Summer 2003 and 2004

Funding for these expanded literacy and math programs will also be available in the summer of both 2003 and 2004, for at risk students in Grades 7 to 12 and for parents of at risk students. Transportation for students to summer programs in 2003–04 will continue to be provided at the increased level of funding introduced in 2000–01.

Students at Risk Component

Based on the report of the students at risk working group, the government has allocated $50 million in 2003–04 for the addition of a new component to the Learning Opportunities Grant to improve outcomes for students at risk in Grades 7 to 12. The new Students at Risk component will assist students who are at risk of not achieving their education goals, to improve the teaching and learning of literacy and numeracy, to increase the number of students passing the Grade 10 literacy test, and to increase opportunities for students to participate in a successful school-to-work pathway.

Funding will be allocated to school boards based on a number of weighted factors. The first 20 percent of the funding ($10 million) will support on-going costs for a dedicated position of "at risk" co-ordinator in each board. This part of the funding will be allocated equally ($138,900) to each school board. This base funding for "at risk" co-ordinators is also being provided to each school board in 2002–03.

The balance of the funding ($40 million) will be allocated using the following factors:

- Enrolment: 37 percent ($18.5 million) - based on enrolment in Grades 7 to 12;
- Demographic: 20 percent ($10 million) - based on socio-economic factors associated with academic success (using the same factors used to allocate the $15 million added to the Demographic Component of LOG in 2002–03);
- Dispersion: 10 percent ($5 million) - recognizes increased program costs for widely dispersed schools (using the same factor that is used in the remote and rural allocation);
- Transportation: 3 percent ($1.5 million) - based on the board's 2003–04 transportation allocation; and
- Technological Renewal: 10 percent ($5 million) - based on enrolment in Grades 7 to 12.

Each board's Students at Risk Demographic Factor is set out in Table 4 of the 2003–04 Student-Focused Funding: Legislative Grants regulation.

The school dispersion factor in the allocation will ensure that small, non-urban, and French-language school boards receive a higher proportion of funds to recognize their higher costs.

The demographic factor will ensure that school boards with a higher proportion of risk factors (mostly urban boards) will also receive a higher proportion of funds.

As recommended by the students at risk working group, two expert panels on literacy and numeracy (one English- and one French-language), and a Pathways work group have been established to provide recommendations on effective programs for students at risk.

Boards will be required to submit action plans based on these reports for use of their allocation and to file reports on their expenditures and activities to the Ministry of Education within the school year. A plan outlining the intended expenditures relative to the requirements and signed by the director of education will be required in October 2003. A detailed report back will be required from the director of education by June 2004.

Continuing Education and Other Programs Grant

Total funding of $156 million is projected for the Continuing Education and Other Programs Grant.

For 2003–04, the Continuing Education and Other Programs Grant has been increased as a result of the increase to the salary benchmarks, including the 3 percent increase in 2002–03 announced in December 2002, and a further 3 percent for 2003–04. The Grant has also been increased by a portion of the increase to the classroom supplies benchmarks announced in March 2003.

This funding supports the provision of adult day school programs and continuing education programs such as adult English or French as a second language, adult Native language, adult credit for diploma, and correspondence/self-study.

Funding is provided for crossover or transfer courses to allow students to move between the applied and academic streams in secondary school, and to allow partial credits as permitted by secondary school reform. The grant provides funding for a class or course for secondary school pupils who wish to transfer between course types in accordance with Section 5.6 of the ministry publication *Ontario Secondary School Grades 9 –12: Program and Diploma Requirements, 1999*.

This funding supports the provision of credit courses for secondary school students in the summer or outside the school day (for example, in the evenings).

Funding is also provided for international language programs for elementary pupils.

The allocation for international languages for school boards offering approved classes for international language instruction in a language other than English or French is based on a rate of $41 per classroom hour where the board's average class size for the program is 25 or more. Where the average class size for a board with this program is less than 25, the $41 grant per classroom hour is reduced by $1 for every pupil less than 25.

Funding for continuing education and summer school programs is $2,429 per ADE (excluding pupils in respect of whom fees are chargeable under the tuition fees regulation).

Funding for day school pupils aged 21 and over is $2,429 per ADE. School Operations and School Renewal Allocations (under the Pupil Accommodation Grant) are provided for these students, as well as for students enrolled in summer school programs and in continuing education credit courses offered during the day.

Prior Learning Assessment and Recognition

Prior Learning Assessment and Recognition (PLAR) for mature students is a formal evaluation and accreditation process carried out under the direction of the principal and through which the principal may grant secondary school credits to mature students.

Beginning in 2003–04, funding is provided for the delivery of Prior Learning Assessment and Recognition services to mature students who are enrolled in the board to take credit courses toward the Ontario Secondary School Diploma. PLAR assessment services which are funded include:

- $100 for an individual student assessment for Grade 9 and 10 credits (maximum of one such assessment per mature student in any one school year);
- $100 for an individual student equivalency assessment for Grade 11 and 12 credits (maximum of one such assessment per mature student in any one school year); and,
- $300 for each completed challenge assessment for a Grade 11 or 12 full credit course, whether successful or unsuccessful.

School boards are funded based on their reporting of these assessment activities.

Teacher Qualifications and Experience Grant

The Teacher Qualifications and Experience Grant provides resources to help meet teacher compensation costs by recognizing that salary costs vary according to the normal range in teachers' qualifications and experience.

For 2003–04, the Teacher Qualifications and Experience Grant has been increased as a result of the increase to the salary benchmarks, including the 3 percent increase in 2002–03 announced in December 2002, and a further 3 percent for 2003–04.

Total funding of $628 million is projected for the Teacher Qualifications and Experience Grant. This includes $82 million for the Special Assistance for Average Per Pupil Credit Load component of the grant.

The Teacher Qualifications and Experience Grant provides funding to boards that have teachers who, because of their qualifications and experience, have salaries above the benchmark level used to determine the Foundation Grant.

The elementary per pupil allocation is calculated as follows:

$$\left(\text{Sum of} \left[\frac{\text{Elementary Teachers on board's regular grid} \times \text{Instructional Salary Matrix}}{\text{Number of elementary teachers on board's regular grid distribution}} \right] - 1 \right) \times \$2,810$$

The secondary per pupil allocation is calculated as follows:

$$\left(\text{Sum of} \left[\frac{\text{Secondary teachers on board's regular grid} \times \text{Instructional Salary Matrix}}{\text{Number of secondary teachers on board's regular grid distribution}} \right] - 1 \right) \times \$3,418$$

Instructional Salary Matrix

Qualifications & Experience*	D	C	B	A1	A2	A3	A4
0	0.5788	0.5788	0.5788	0.6229	0.6487	0.7081	0.7449
1	0.6127	0.6127	0.6127	0.6540	0.6864	0.7502	0.7926
2	0.6332	0.6332	0.6332	0.6989	0.7318	0.7969	0.8432
3	0.6523	0.6523	0.6523	0.7416	0.7743	0.8442	0.8925
4	0.7149	0.7149	0.7149	0.7814	0.8158	0.8953	0.9443
5	0.7698	0.7698	0.7698	0.8234	0.8606	0.9435	0.9975
6	0.8225	0.8225	0.8225	0.8655	0.9042	0.9866	1.0473
7	0.8694	0.8694	0.8694	0.9073	0.9472	1.0363	1.0997
8	0.8900	0.8900	0.8900	0.9485	0.9876	1.0860	1.1512
9	0.9154	0.9154	0.9154	1.0025	1.0411	1.1534	1.2026
10	0.9667	0.9667	0.9667	1.0451	1.0989	1.2136	1.2949

The salary matrix reflects a benchmark of $54,079 for teacher salary and excludes teacher consultants and the administrative component of principals and vice-principals. They are therefore to be excluded from the board's regular grid distribution for the purpose of calculating grant entitlements. Teachers providing instruction in ISA 4 programs are also excluded from the board's grid distribution. This is because the instructional cost of the program is being funded under special education, and the pupils in these programs are not counted as pupils of the board.

The teacher distribution as of October 31, 2003, is to be used for the calculation of the 2003–04 Teacher Qualifications and Experience Grant. Where the qualification of a teacher is changed after October 31, 2003, and the change for salary purposes is retroactive to October 2003, or earlier, the changed qualification category is used for the purpose of this calculation.

Student-focused funding recognizes teachers' actual experience and ensures consistent claims for the Teacher Qualifications and Experience Grant by recognizing part years of teaching. Boards are to place teachers on the experience grid by rounding part-year experience to the nearest whole number of years of experience.

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* Data Source: Data Form A, January 31, 1998 and Form A, January 31, 1998. Information as previously provided to the Education Relations Commission.

Special Assistance for Average Per Pupil Credit Load

This component of the Teacher Qualifications and Experience Grant provides funding at the secondary level where the average credit load of secondary school pupils exceeds 7.2 credits per pupil. Assistance is provided to recognize an average credit load of up to a maximum of 7.5 credits per pupil.

The component is calculated as follows:

(Average number of secondary school credits per pupil for the board in the 2002–03 school year [up to a maximum of 7.5] – 7.2)/ 7.2	x	*$3,194 for classroom teachers and preparation time*	x	*2003–04 secondary day school ADE (excluding pupils aged 21 and over)*

For the purpose of calculating the average number of secondary school credits per pupil, a special education secondary school pupil enrolled on a full-time basis in programs for which credits are not granted will be granted an equivalent of 8 credits.

220 hour upgrading courses for students at risk

Students entering the secondary school program with knowledge and skills at a level below that required to succeed in the Grade 9 program will benefit from extended time in upgrading courses in the core subjects of English/français, mathematics and/or science. Similarly, students in Grade 10 may benefit from the opportunity to strengthen their knowledge and skills in English/français, mathematics and/or science. Courses defined in *Ontario Secondary School, Grades 9 to 12: Program and Diploma Requirements, 1999* as locally developed compulsory credit courses provide students with the opportunity to earn one credit in each of language, mathematics and science. Students may also strengthen their knowledge and skills through locally developed optional credit courses.

Some students will benefit from the opportunity to upgrade and/or strengthen their skills in English/français, mathematics and science by taking a locally developed compulsory and/or optional credits courses with a credit value of one credit each and a duration of 220 hours (on a daily basis throughout the academic year) rather than 110 hours. These 220 hour courses will be counted as single credit courses for the purpose of reporting student achievement.

Board reporting forms for funding purposes have been amended so that these 220 hour locally developed single credit courses can be counted as 2 credits for the purpose of calculating the average number of credits per pupil under the Special Assistance for Average Per Pupil Credit Load component of this grant.

Early Learning Grant

This grant provides all school boards with an equitable level of funding to support early learners (pupils up to Grade 3).

For 2003–04, the Early Learning Grant has been increased as a result of the increase to the salary benchmarks, including the 3 percent increase in 2002–03 announced in December 2002, and a further 3 percent for 2003–04. The Grant has also been increased by a portion of the increase to the classroom supplies benchmarks announced in March 2003.

Total funding of about $12 million is projected for the Early Learning Grant.

Pupils enrolled in Junior Kindergarten (JK) are funded on the same basis as other pupils, through the Foundation Grant, special purpose grants, and Pupil Accommodation Grant. JK pupils are funded as 0.5 ADE.

Boards that do not offer JK receive an Early Learning Grant of $726 per pupil based on their Senior Kindergarten (SK) to Grade 3 enrolment. The Early Learning Grant has been set at a level that is equivalent on average to the funding a board would receive if it were to offer JK.

Boards that offer JK will not normally be eligible for the Early Learning Grant. However, in some instances, boards that provide JK in part of their jurisdiction may claim the Early Learning Grant for the remaining part of their jurisdiction. To recognize and support a board's option to use the funding available to support early learning in a manner that best meets local needs, the following formula is provided:

$$\$726 \times \text{Board's ADE (SK to Grade 3)} - \text{JK ADE} \times \text{Board's 2003–04 allocation per elementary pupil}$$

The board's 2003–04 allocation per elementary pupil includes funding from:

- Foundation Grant;
- special purpose grants, excluding the Early Learning Grant and Continuing Education and Other Programs Grant, the Literacy and Math Outside the School Day component of the Learning Opportunities Grant, and the French as a Second Language Allocation for core and extended programs; and
- Pupil Accommodation Grant, excluding the allocations for debt charges, school renewal, and new pupil places.

For the purpose of the calculation of this allocation, JK and SK pupils enrolled in combined programs are deemed to be half-time pupils.

Transportation Grant

The Transportation Grant provides school boards with funding to recognize the costs of transporting pupils from home to school, or from school to school, including transporting students with special needs.

Total funding of $652 million is projected for the Transportation Grant.

For 2003–04 the government has approved an additional $20 million in funding for transportation for all boards in recognition of cost pressures for providing school bus services. This represents a 3.32 percent increase to funding, which, together with the $20 million in additional funding for transportation provided in 2002–03, represents approximately one half of the benchmark update recommended by the EETF for student transportation.

School boards that experience enrolment increases in 2003–04 will receive proportional increases to their transportation funding allocation. School boards with declining enrolment will not see their funding reduced; rather, they will receive their allocation for 2002–03 plus the 3.32 percent increase.

The ministry continues to work with the Transportation Review Committee on the development of a new Transportation Grant. These steps to increase base funding for transportation in 2003–04 have been taken in recognition of the importance of making increased funding available to boards to support the new transportation model in 2004–05.

Transportation Allocation

For school boards with declining enrolment, that is, boards whose 2003–04 day school ADE is less than their 2002–03 day school ADE:

$$\textit{Transportation Allocation} = \textit{2002–03 allocation for transportation less expenditure in 2002–03 for transportation to provincial schools} \times 1.0332$$

For school boards with increasing enrolment, that is, boards whose 2003–04 day school ADE is greater than their 2002–03 day school ADE:

$$\textit{Transportation Allocation} = \textit{2002–03 allocation for transportation less expenditure for provincial schools} \times 1.0332 \times \frac{\textit{2003–04 day school ADE}}{\textit{2002–03 day school ADE}}$$

Funding for Transportation to Provincial Schools

Funding is allocated based on the expenditure by the board in 2003–04 that is approved by the Minister for the transportation to and from Provincial Schools.

Funding for Summer School Transportation

An additional allowance for transportation is included under the Learning Opportunities Grant for literacy and math remediation programs. Please refer to pages 41-42 for details.

Declining Enrolment Adjustment

In 2002–03, the government introduced a refinement to student-focused funding to help boards with declining enrolment. Total funding of $36 million was provided for the Declining Enrolment Adjustment (DEA) in 2002–03.

Because much of each board's revenue from student-focused funding grants is determined by enrolment, boards with declining enrolment lose revenue. This is appropriate, because boards no longer need the same number of teachers and other supports when they have fewer students.

Boards' costs, however, do not decline in a way that is strictly proportional to declining enrolment. Some costs can be adjusted easily. For example, the cost of classroom teachers can be reduced by changing the arrangement of classes to adjust to reduced enrolment. Other costs cannot be adjusted as easily. For this reason, the government introduced the Declining Enrolment Adjustment beginning in the 2002–03 school year.

The government has also accepted the recommendation of the Education Equality Task Force to extend the Declining Enrolment Adjustment by a period of one year, to be introduced for the 2004–05 school year.

For 2003–04, total funding of $119 million is projected for the Declining Enrolment Adjustment.

Declining Enrolment Adjustment in 2003–04

The government is providing an additional $5 million in 2004–05 to extend the Declining Enrolment Adjustment from two to three years. Boards with enrolment declines in 2002–03 will now receive three, rather than two, years of funding to ensure their smooth transition to a reduced cost structure.

	2002–03 ($ millions)	**2003–04 ($ millions)**
2002–03 DEA	$36	
2nd year of 2002–03 DEA		$18
2003–04 DEA		$101
Total	$36	$119

For 2003–04, the adjustment is determined by calculating 50 percent of the school board's Declining Enrolment Adjustment in 2002–03, and adding to it the school board's Declining Enrolment Adjustment to 2003–04, which is calculated as follows:

1. Determine the decrease in operating revenue between 2002–03 and 2003–04, excluding the impact of new investments added to student-focused funding in 2003–04 (*A* in the following formula).

   $A = B - C$

Where:

B = Total operating revenue in 2002–03 (excluding allocations not based on enrolment*)

C = Total operating revenue in 2003–04 (excluding allocations not based on enrolment** and new investments***).

2. Calculate the reduction in costs the board is expected to achieve as a result of the enrolment decline (*D*). This equals 58 percent of the percent decline in enrolment applied to the 2002–03 operating revenue.

   D = *(58% of rate of enrolment decline)* $\times B$

3. Where revenue has declined, determine the amount by which the operating revenue decline exceeds the expected reduction in the board's costs (*E*). (A board is only eligible for the Declining Enrolment Adjustment if the operating revenue decline is greater than the expected cost reduction.)

   $E = A - D$

4. Apply scaling factor (*G*) to determine Declining Enrolment Adjustment (*F*). The scaling factor recognizes that, the greater the decline in enrolment, the more difficult it is to adjust costs.

   Multiply the result of the calculations above by a scaling factor.

   $F = G \times E$

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* In 2002–03 excluded allocations were ISA, Teacher Qualifications and Experience Grant, Continuing Education and Other Programs Grant, the Demographic and Literacy and Math Outside the School Day components of the Learning Opportunities Grant, all the components of the Language Grant except French as a First Language, the Declining Enrolment Adjustment, and the Transportation Grant.

** In 2003–04 excluded allocations are the same as those excluded in 2002–03.

*** 2003–04 operating revenue also excludes new investments.

The table below provides examples of scaling factors that have been set for three different ranges of enrolment declines:

Portion of Percentage Decline in Enrolment	Scaling Factor for Portion of Decline
Up to 0.25%	0.5
> 0.25%, up to 1.5%	1
> 1.5%	1.5

The table below provides examples of scaling factors for specific percentage enrolment declines.

Percent Enrolment Decline	Factor	Percent Enrolment Decline	Factor	Percent Enrolment Decline	Factor
0.1%	0.50000	1.1%	0.88636	2.1%	1.08333
0.2%	0.50000	1.2%	0.89583	2.2%	1.10227
0.3%	0.58333	1.3%	0.90385	2.3%	1.11957
0.4%	0.68750	1.4%	0.91017	2.4%	1.13542
0.5%	0.75000	1.5%	0.91667	2.5%	1.15000
0.6%	0.79167	1.6%	0.95313	2.6%	1.16346
0.7%	0.82143	1.7%	0.98529	2.7%	1.17593
0.8%	0.84375	1.8%	1.01389	2.8%	1.18750
0.9%	0.86110	1.9%	1.03947	2.9%	1.19828
1.0%	0.87500	2.0%	1.06250	3.0%	1.20833

To determine the scaling factor (G) of a board that has declining enrolment, apply the following formula (to five decimal points):

$$H = 1 - \frac{\text{2003–04 day school ADE of the board}}{\text{2002–03 day school ADE of the board}}$$

Note: Day school ADE includes enrolment of JK to Grade 12 pupils of the board, excluding pupils 21 and over.

If the amount *H* does not exceed 0.0025, the scaling factor is 0.5.

If the amount *H* is greater than 0.0025 but does not exceed 0.015, the scaling factor is calculated as follows:

$$G = \frac{(H - 0.0025) + 0.00125}{H}$$

If the amount *H* is greater than 0.015, the scaling factor is calculated as follows:

$$G = \frac{1.5\,(H - 0.015) + 0.01375}{H}$$

Below is an example of the declining adjustment calculation:

	Example - Hypothetical board	$ Millions		
Line		2001–02	2002–03	2003–04
1	% Decline in enrolment		2.0%	2.2%
2	Operating revenue	300.00	295.32	290.25
3	Decline in operating revenue		4.68	5.07
4	Estimated reduction in costs (58% x % decline in enrolment x prior year operating revenue) [58% x line 1 x line 2 of prior year]		3.48	3.77
5	Decline in operating revenue in excess of reduction in costs [line 3 - line 4]		1.20	1.30
6	Scaling factor (See Table on page 57)		1.06250	1.10227
7	First year of adjustment [product of lines 5 and 6]		1.28	1.43
8	Second year of adjustment [50% of line 7 of prior year]			0.64
9	Third year of adjustment [to be determined as part of the 2004–05 grant regulation]			
10	Total declining enrolment adjustment [sum of lines 7, 8, and 9]		1.28	2.07

Notes: Operating revenue in each year excludes ISA, Teacher Qualifications and Experience Grant, Continuing Education and Other Programs Grant, the Demographic and Literacy and Math Outside the School Day components of the Learning Opportunities Grant, all the components of the Language Grant except French as a First Language, the Declining Enrolment Adjustment, and the Transportation Grant).

2003–04 operating revenue also excludes new investments.

School Board Administration and Governance Grant

This grant provides funding for administration and governance costs, including the costs of operating board offices and central facilities. This category of funding provides for all board-based staff and expenditures, including supervisory officers and their secretarial support. Funding is provided for four components:

- Trustees,
- Directors and Supervisory Officers,
- Board Administration, and
- Multiple Municipalities.

For 2003–04, the School Board Administration and Governance Grant has been increased as a result of the increase to the salary benchmarks, including the 3 percent increase in 2002–03 announced in December 2002, and a further 3 percent for 2003–04.

Total funding of $464 million is projected for the School Board Administration and Governance Grant.

Trustees

This funding component, which is based on the number of trustees, supports trustee honoraria, expenses, meeting costs, and professional development (for example, conferences). The following amounts are provided:

$5,000	*x*	*number of trustees (including chair) for trustee honoraria*
$5,000	*x*	*number of trustees (including chair) for travel and expense allowance, professional development, and other costs*
$10,000		*per board as additional honoraria for the chair and vice-chair*
$5,000		*per board for student representation for travel and expenses but not honoraria*

Dues to stakeholder organizations and secretarial costs for trustees are also funded from board administration.

Directors and Supervisory Officers

Funding is based on costs for one director per board, and a number of supervisory officers reflecting board enrolment. This component is intended to cover salaries and

benefits of these staff. This component also recognizes the higher administrative costs borne by some boards, by using their Remote and Rural Allocation of the Geographic Circumstances Grant, the Demographic component of the Learning Opportunities Grant, and the New Pupil Places Allocation.

Directors and Supervisory Officers Component

	2003–04
Base amount	$443,456
Per pupil amount for first 10,000 pupils	$11
Per pupil amount for next 10,000 pupils	$16
Per pupil amount for remaining pupils	$23
% Geographic Circumstances Grant (Remote and Rural Allocation)	2%
% Learning Opportunities Grant (Demographic component)	0.5%
% New Pupil Places Grant	1%

Board Administration Costs

This component provides funding for the business and other administrative functions of a board and the costs of operating and maintaining board offices and facilities. As with the Director and Supervisory Officers component, the Board Administration component recognizes the higher costs of administration in some boards. This component also covers expenses and support staff for the director and supervisory officers as well as support staff (where necessary) for trustees.

Funding consists of:

Board Administration Component	2003–04
Base amount	$84,022
Per pupil amount	$182
% Geographic Circumstances Grant (Remote and Rural Allocation)	11%
% Learning Opportunities Grant (Demographic component)	0.5%
% New Pupil Places Allocation	1%

Enrolment used for determining the grants are day school ADE of pupils of the board (JK to 12 , excluding pupils 21 and over).

Multiple Municipalities Component

In 2002–03, a component was added to the allocation for board administration to recognize the additional costs of boards that are required to interact with a large number of municipalities and other local governing agencies. Boards incur administrative costs from dealing with municipalities concerning property taxes. They also are required to reach protocols and agreements with local agencies, such as police services and children's aid societies.

Additional funding is provided to boards with more than 30 municipalities in their jurisdiction.

The multiple municipalities amount is calculated as follows:

Allocation per Municipality:

# of municipalities	$ for each municipality
Between 1 and 30	$0
Between 30 and 49	$500
Between 50 and 99	$750
From 100 to any number higher	$1,000

For example, a board with 60 municipalities in its jurisdiction would receive:

for municipalities 30 to 49:	(20 times $500):	$10,000
for municipalities 50 to 60:	(11 times $750):	$8,250
Total multiple municipalities amount:		$18,250

Pupil Accommodation Grant

The Pupil Accommodation Grant has three major allocations:

- School Operations;
- School Renewal; and
- New Pupil Places.

For 2003–04, the School Operations Allocation of the Pupil Accommodation Grant has been increased as a result of the increase to the salary benchmarks, including the 3 percent increase in 2002–03 announced in December 2002, and a further 3 percent for 2003–04.

Total funding of $2.40 billion* is projected for the Pupil Accommodation Grant.

The School Operations Allocation addresses the costs of operating (that is, heating, lighting, maintaining, and cleaning) schools, the School Renewal Allocation addresses the costs of repairing and renovating schools, and the New Pupil Places Allocation enables boards to construct new schools or additions, where boards have demonstrated that they have fully utilized all existing school buildings effectively and that their enrolment cannot be accommodated without new space. These allocations are calculated as follows:

* These amounts are Ministry of Education projections for the 2003–04 school year. Actual funding will vary over the course of the school year based on board enrolment and board program decisions.

School Operations Allocation	=	*Enrolment*	X	*Benchmark Area Requirement Per Pupil*	X	*Supplementary School Area Factor*	X	*Benchmark Operating Cost Per Sq. Ft.*

Plus
*"Top-up" Funding for School Operations**

School Renewal Allocation	=	*Enrolment*	X	*Benchmark Area Requirement per Pupil*	X	*Supplementary School Area Factor*	X	*Benchmark Renewal Cost per Sq. Ft.*

Plus
*Top Up Funding for School Renewal**

Plus
Enhancement to address deferred maintenance needs
(allocated to reflect a board's share of the total needs in the system)

New Pupil Places Allocation	=	*Pupil Places in respect of Enrolment in excess of Capacity*	X	*Benchmark Area Requirement per Pupil*	X	*Benchmark Construction Cost per Sq. Ft.*
			Plus			
		Pupil Places in respect of Enrolment Pressures	X	*Benchmark Area Requirement per Pupil*	X	*Benchmark Construction Cost per Sq. Ft.*
			Plus			
		Pupil Places in respect of Capital Transitional Pressure	X	*Benchmark Area Requirement per Pupil*	X	*Benchmark Construction Cost per Sq. Ft.*
			Plus			
		Pupil Places in respect of Prohibitive to Repair	X	*Benchmark Area Requirement per Pupil*	X	*Benchmark Construction Cost per Sq. Ft.*

The sum of the four components X Geographic Adjustment Factor

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* "Top-up" funding is available for schools that are offering a regular day school program (exclusive of adult day school) and that are operating at less than full capacity.

The factors used to determine the Pupil Accommodation Grant are outlined below:

Enrolment

Elementary Enrolment	"Day School Average Daily Enrolment" of pupils enrolled in Junior Kindergarten, Kindergarten, and Grades 1 to 8.
Secondary Enrolment	"Day School Average Daily Enrolment" of pupils enrolled in Grades 9 through 12, excluding students 21 years of age and older.
Adult Enrolment*	"Day School Average Daily Enrolment" of students 21 years of age or older plus the "Average Daily Enrolment" of students enrolled in Continuing Education credit courses during the day (excluding pupils enrolled in correspondence self-study programs, and including students in summer school programs).

Benchmarks

Area Requirements Per Pupil – Elementary: 100 square feet (9.29 m^2)

Provides sufficient teaching and ancillary space to permit the effective delivery of elementary school programming consistent with the average class size limits under the *Education Act* and provides additional space required to accommodate the typical distribution of special education, learning opportunities, and language (for example, ESL) programming.

Area Requirements Per Pupil – Secondary: 130 square feet (12.07 m^2)

Provides sufficient teaching and ancillary space to permit the effective delivery of secondary school programming consistent with the average class size limits under the *Education Act* and provides additional space required to accommodate the typical distribution of special education, learning opportunities, and language (for example, ESL) programming.

Area Requirements Per Pupil – Adult: 100 square feet (9.29 m^2)

Lower than the traditional secondary school panel because less additional space is required for special needs programs.

Operating Cost: The funding benchmark for the School Operations Allocation is $5.44 per square foot ($58.56/m^2).

Renewal Cost: weighted average of $0.64 and $0.96 per square foot ($6.89 and $10.33 per m^2) for schools under and over 20 years of age respectively.

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* For School Operations and School Renewal Allocations only.

Construction Cost – Elementary: $11.00 per square foot ($118.40/m^2)

Represents an estimated cost of $117 per square foot ($1,259/m^2) including fees and taxes to construct, furnish, and equip new elementary schools, amortized over 25 years.

Construction Cost – Secondary: $12.00 per square foot ($129.17/m^2)

Represents an estimated cost of $126 per square foot ($1,356/m^2) including fees and taxes to construct, furnish, and equip new secondary schools, amortized over 25 years.

Geographic Adjustment Factor

A Geographic Adjustment Factor is applied to the New Pupil Places Allocation in recognition of differences in construction costs across the province. The Geographic Adjustment Factor is based on the distance component of the Remote and Rural Allocation.

No explicit geographic adjustment is being applied to the School Renewal and School Operations Allocations. Student-focused funding includes several special purpose grants that address unique circumstances faced by individual boards. In determining the Small Schools Allocation, the Remote and Rural Allocation, and the Early Learning Grant, allowance has been made for custodial and maintenance costs.

Supplementary Area Factor

An adjustment factor is applied in the calculation of the School Operations Allocation and the School Renewal Allocation. The Supplementary Area factor recognizes unique design features of a board's schools, such as wide hallways, large shop spaces, auditorium space, and the additional space needs of special education programs.

The factor is based on information compiled in the School Facilities Inventory System. Separate factors that reflect the area per pupil place are calculated for elementary and secondary schools.

Top-up Funding to Reflect a 20-Percent Adjustment to Capacity Levels

Additional funding is also provided for school operations and renewal for schools that are operating at less than full capacity. Top-up funding is calculated on a school-by-school basis for schools offering a regular day school program (exclusive of adult day school). This additional funding, which is not to exceed the revenue generated by enrolment equal to 20 percent of school capacity, increases total revenue for school operations and renewal for a school up to the amount that would be generated if the school were operating at full capacity.

New Pupil Places Allocation – Changes in 2001–02 and 2002–03

New Pupil Places – Persistent Enrolment Pressures

Boards that are not currently eligible for New Pupil Places funding may be eligible to receive funding to address significant and persistent enrolment pressures at specific schools.

A board whose total elementary enrolment is less than the total elementary school capacity will be eligible for funding in recognition of enrolment pressures if data reported in Appendix C of the Financial Statements (Top-Up Funding) indicates that:

- enrolment at any one of its elementary schools has exceeded the capacity of the school by at least 100 pupils in each of the past two years (that is, 2001–02 and 2002–03); **and**
- there is not sufficient surplus capacity at nearby schools (that is, within 8 kilometres by road) to accommodate the excess enrolment at the school.

For schools meeting these criteria, a number of pupil places equal to the average of the difference between enrolment and capacity at the school in 2001–02 and 2002–03 will be recognized for funding beginning in 2003–04 and will be added to the board's permanent capacity used in the calculation of Grants for New Pupil Places in the current year, 2003–04. This approach will also be used for subsequent years. This level of funding will be provided for 25 years.

Similarly, a board whose total secondary enrolment is less than the total secondary school capacity will be eligible for funding in recognition of enrolment pressures if data reported in Appendix C of the Financial Statements (Top-Up Funding) indicates that:

- enrolment at any one of its secondary schools has exceeded the capacity of the school by at least 100 pupils in each of the past two years (that is, 2001–02 and 2002–03); **and**
- there is not sufficient surplus capacity at nearby schools (that is, within 32 kilometres by road) to accommodate the excess enrolment at the school.

For schools meeting these criteria, a number of pupil places equal to the average of the difference between enrolment and capacity at the school in 2001–02 and 2002–03 will be recognized for funding beginning in 2003–04 and will be added to the board's permanent capacity used in the calculation of Grants for New Pupil Places in the current year, 2003–04). This approach will be used for subsequent years. This level of funding will be provided for 25 years.

New Pupil Places – Capital Transition Pressures

Funding for new pupil places is also provided for boards that have no schools in specific parts of their jurisdictions.

Some boards have pupils in parts of their jurisdictions but no nearby schools. This results in parents having to choose between busing their children many kilometres to a distant school or sending their children to a nearby school of a different board.

Funding for new pupil places has been increased for boards in these circumstances. The number of new pupil places added is set out in Table 8 of the 2003–04 Student-Focused Funding: Legislative Grants regulation. These pupil places will be funded in the same manner as other allocations for new pupil places. This funding will be provided to the boards over a period of 25 years.

New Pupil Places – Use of Pupil Accommodation Reserve Fund for School Sites

Boards receiving funding to address persistent enrolment pressures at specific schools, boards receiving funding in recognition of facilities deemed prohibitive to repair, and boards receiving funding to address capital transitional pressures may use some of the funds in the Pupil Accommodation Reserve to purchase sites. In addition, a board that requires a school site needed to address accommodation pressures may use some of its Pupil Accommodation Reserves to fund the portion or the entire cost of acquiring the site if this cost is **not** a growth-related net education land cost, within the meaning of Division E of Part IX of the *Education Act* regarding education development charges (EDCs).

Sites needed for pupil accommodation arising from new residential development may be acquired with the proceeds from the sale of surplus properties, savings from a board's operating budget, as part of long-term lease or partnership arrangements with municipalities or the private sector, or by imposing EDCs in accordance with Division E of Part IX of the *Education Act* and Ontario Regulation 20/98 as amended.

School Renewal and Schools with Prohibitive Costs of Repair

As part of the Provincial Budget tabled in the Legislature on June 17, 2002, the Minister of Finance announced two major commitments that will assist school boards to address renewal needs in their schools. Funding for school renewal was increased by $25 million in 2002–03 to enable school boards to make urgently needed repairs and renovation. For 2003–04, this enhancement has been increased by an additional $25 million. As was the case with the funding in this allocation in 2002–03, the $25 million for 2003–04 is being distributed in a way which reflects the ministry's estimates of school renewal needs for each board based upon information provided through the School Condition Reports of the Accountability Framework for Pupil Accommodation. Individual school board entitlements are set out in Table 7 of the 2003–04 Student-Focused Funding: Legislative Grants regulation.

The 2002 Provincial Budget also announced a new initiative to measure, on a consistent basis, renewal needs in each school in the province. A two-year program that began in 2002–03 will involve detailed inspections of each school in the province and the implementation of specialized asset management software in each school board. The

information obtained through this assessment process will provide improved information regarding school condition and the need for specialized teaching spaces required to deliver today's curriculum and will assist in the development of a strategy to address the school renewal issue over the longer term.

In 2002–03, a change was introduced into student-focused funding to provide resources to boards with facilities having repair costs that were prohibitively high. Schools identified as being prohibitive to repair in 2003–04 are listed in Table 10 of the 2003–04 Student-Focused Funding: Legislative Grants regulation. For purposes of calculating the New Pupil Places Allocation, the capacity of a school identified as prohibitive to repair will be deemed to be zero. A board may be eligible for funding to replace a facility deemed prohibitive to repair.

- If there is insufficient space available in nearby schools (8 kilometres by road for elementary schools and 32 kilometres by road for secondary schools) to accommodate the students from the school identified as being prohibitive to repair, the number of pupil places recognized for funding will be based on the greater of:
  - The average enrolment at the school over the past two years (2001–02 and 2002–03), or
  - 200 pupil places for elementary schools or 500 pupil places for secondary schools.

This level of funding will be provided for 25 years. Further, as a result of this funding commitment, the pupil places funded in this manner will be added to the board's permanent capacity used in the determining the New Pupil Places Allocation in the current year (2003–04).

- If there is sufficient space available in nearby schools (8 kilometres by road for elementary schools and 32 kilometres by road for secondary schools) to accommodate the students from the school identified as being prohibitive to repair, the board's annual funding entitlement to cover the cost to construct replacement facilities will be determined by comparing actual enrolment with the adjusted board-level capacity.

Outstanding Capital Commitments

In January 1997, the Minister of Education and Training announced a $650 million capital program for the years 1997–98 and 1998–99. In 1999–2000, the outstanding capital commitments from this program were converted to pupil places so that the amount owed to boards could be paid in the same manner as the New Pupil Places Allocation. The Pupil Accommodation Grant provides boards with funding to meet the cost of financing the outstanding grant amount over a 25-year period.

Debt Charges

In 1998, the ministry committed to provide funding in 1998–99, 1999–2000, and 2000–01 to cover the servicing costs of loans related to capital projects approved prior to May 15, 1998. This funding will continue.

A considerable portion of the approved capital-related debt has not yet been permanently financed. Ministry staff and staff from the Ontario Financing Authority have begun to work with school boards to arrange for permanent financing for this debt on a pooled basis. This refinancing is expected to be completed by this Spring. Once this has been done, grants to cover payments to service this debt will be provided until it has been retired.

Inter-Board Transfer of Schools

The Student-Focused Funding: Legislative Grants regulation for 2003–04 includes provisions relating to schools transferred between boards, to make more effective use of existing school facilities. Provided that the prior approval of the Minister has been obtained, the capacity figure for a transferred school would be the lesser of ADE and the rated capacity of the facility. Transfers must meet the following criteria:

- the transfer is consistent with the boards' long-term accommodation plans;
- the transfer benefits students from both boards (for example, through improved facilities, reduced transportation needs, etc.);
- the transfer results in more effective use of existing public assets; and
- the transfer reduces the need for the boards to construct new school facilities in their jurisdictions.

This "floating" capacity, which will apply only for purposes of calculating the allocation for new pupil places, will remain in effect until such time as enrolment levels in the school reach the rated capacity level for the facility. After that time, the rated capacity for the facility will be used in the determination of the board's grants.

$20 Million Cap

To ensure an orderly transition to student-focused funding as boards began to address the significant backlog of accommodation issues across the province, annual allocations for new pupil places for an individual board were limited to $20 million for an interim period. The student-focused funding regulation includes provisions for the removal of this cap. The cap will be removed after a board has demonstrated that it has begun construction on projects costing at least $200 million since the introduction of student-focused funding using the New School Facilities Report component of the accountability framework for the Pupil Accommodation Grant. If the $200 million target has been

achieved prior to the start of a school year, the cap will be removed in that school year (for example, if the target is met prior to September 1, 2003, the cap will be removed for the 2003–04 school year).

The amount that was withheld from boards affected by the $20 million cap will be paid over a 25-year period beginning in the school year in which the cap is removed.

School Authorities Funding

The costs per pupil are generally higher for these very small school boards, usually located in remote areas of Ontario (called "isolate boards") or in some children's hospitals. The School Authorities Allocation ensures that funding is available for these small boards. This allocation is authorized through student-focused funding regulations, but funding levels for these small boards are not determined by the Foundation Grant and Special Purpose grants of the regulation. Instead, funding levels are approved by the ministry.

The funding for school authorities is based on the funding guideline that has been modified to address the unique costs of operating very small schools in remote areas and in institutions. The allocation formula is based on student-focused funding, to the extent possible, with provisions for special approval by the Ministry of Education.

Phase-In of Student-Focused Funding

Student-focused funding was introduced in 1998–99, and was phased in so that in 1998–99, no board's revenue increased or decreased by more than 4 percent, calculated either on the basis of total operating expenditures or total per pupil operating expenditures.

In 1999–2000, student-focused funding included a stable funding guarantee to ensure that no board received less in operating revenue in 1999–2000 than it received through student-focused funding in 1998–99.

In March 2000, the province completed the phase-in of student-focused funding for the few boards that would have continued to qualify for phase-in funding in 2000–01 and future years. The conclusion of phase-in was in the form of a one-time payment to the boards affected.

Since 2000–01, all boards are funded on the basis of the same student-focused funding grant formulas.

Enrolment

Under the school year reporting that covers the period from September to August, the calculation of average daily enrolment (ADE) is based on the existing two count dates within the school year: October 31 and March 31. The full-time equivalent of students enrolled in a board's schools are weighted at 0.5 for each of the count dates.

Junior Kindergarten (JK) and Senior Kindergarten (SK) pupils are counted as half time students in the determination of ADE for 2003–04, with the exception of combined Kindergarten programs. The ADE regulation allows combined JK and SK programs, where JK students can be counted as enrolled for 600 minutes per week and SK students as enrolled for 900 minutes per week (with the exception of calculations for the Early Learning Grant).

ADE for continuing education programs and summer school is calculated using the same parameters as in 2002–03. The regulation indicates that students who have been enrolled in private schools in the previous school year are eligible to be enrolled in summer school programs of a publicly funded board as permitted by the regulation. This clarification applies for summer programs in 2002 (part of the 2002–03 school year), and in 2003–04 and future years.

In the 2003–04 school year, boards are permitted to provide Grade 12 OS:IS courses and OACs in the following compulsory subjects: English, math, français, science, history and geography. By the end of the 2003–04 school year, OS:IS curriculum will have been completely phased out of Ontario's secondary schools.

Fees

Boards are required to continue charging tuition fees in respect of nonresident visa students, Aboriginal students, and students from out-of-province.

Boards are able to determine the fees that they will charge in respect of visa students for regular day school programs, continuing education, and summer school programs.

The provisions for fees in respect of pupils whose parents or guardians reside on tax exempt land has been maintained at $40 per month per family.

The funding regulations have been amended for both the 2002–03 and 2003–04 school years to provide revenue to school boards for the payment of fees when a board and First Nation band council or education authority have negotiated a so-called "reverse" tuition agreement, under which elementary pupils of the board attend an elementary school operated by a First Nations band council or education authority.

Reporting and Accountability

With the release of the grant regulation in Spring 2003, the ministry has established the following dates for submission of financial reports in 2003–04.

June 27, 2003	Board Estimates for 2003–04
November 28, 2003	Board Financial Statements for 2002–03
December 12, 2003	Board Revised Estimates for 2003–04

Student-focused funding is an important component of the government's overall commitment to accountability. The ministry continues to promote accountability by ensuring that grant claims by school boards are in accordance with the grant regulations and that school boards are in compliance with provincial standards and legislation on class size, instructional time, funding envelopes, and deficit management.

In support of these objectives, the ministry has undertaken a comprehensive audit plan focusing on four main areas: enrolment, class size, English as a second language, and Teacher Qualifications and Experience grants. Over 60 schools and approximately 25 boards are visited each year on a sample basis.

Some of the measures that the ministry has taken to ensure compliance include:

- Withholding grants when a board is not in compliance on class size;
- Requiring boards to prepare and submit deficit management plans where necessary; and
- Directing boards to take measures to become compliant.

For more information on financial accountability for school boards, please refer to the ministry's website at <www.edu.gov.on.ca>.

Enveloping and Flexibility

Student-focused funding is not intended to specify every expenditure that boards make. It is up to boards, as it has always been, to determine their detailed budget commitments within the terms of the *Education Act* and other relevant regulations and memoranda.

School boards continue to be responsible for setting their budgets. Student-focused funding recognizes that school boards need the flexibility to decide how best to allocate resources within those budgets. At the same time, there are some restrictions on how school boards can use some components of their allocation. Limitations, as detailed below, are applied to: the transfer between classroom and nonclassroom funding, special education, new pupil places and school renewal, and school board administration and governance.

In 2003–04 school boards again have flexibility to use more revenue from student-focused funding to address local priorities. The enveloping requirements allow boards to use an amount of funding equivalent to the Local Priorities Amount and the Declining Enrolment Adjustment.

School boards will continue to be accountable for how they use all the revenue they receive from student-focused funding, including the amount of revenue that they can use flexibly. They will continue to report, as in past years, how they have used all their funding, and the extent to which this funding has been used for special education, classroom expenditures, new pupil places and school renewal, and administration and governance.

Flexibility in 2003–04

The method of determining a board's total classroom expenditure allocation will be maintained in 2003–04.

In 2003–04, student-focused funding will identify an amount for each board, called a flexibility fund, that boards can use without restrictions. This flexibility fund will allow each board to choose which priorities it will address with this funding.

Every board's flexibility fund will include the greater of:

- the total amount of the Local Priorities Amount, and the entire amount of a board's Declining Enrolment Adjustment,

OR

- the total flexibility fund from 2002–03.

Funds may not be moved from the classroom to nonclassroom category.

School boards are expected to place a priority on students and teachers in the classroom, and to find efficiencies in nonclassroom areas. To support this objective, funds may be moved from nonclassroom expenditure categories into classroom expenditure categories but may not be moved from classroom spending to nonclassroom spending.

To ensure compliance with this rule, the ministry requires school boards to use a uniform code of accounts for their expenditures that categorizes expenditures as classroom and nonclassroom expenditures. Expenditure categories for operating funding are divided as shown in this table:

Classroom expenditures	Nonclassroom expenditures
Classroom teachers	Preparation time
Supply teachers	Principals and vice-principals
Teacher assistants	Department heads
Textbooks and classroom supplies	Continuing education and other programs
Classroom computers	Transportation
Professionals and para-professionals	Board administration and governance
Library and guidance	School operations
Staff development	

There is no provincial requirement for boards to align their spending to the individual components ***within*** the classroom and nonclassroom categories (except as noted in the limitations described below concerning administration and governance expenditures). It is the responsibility of the board to make the most effective allocation of funds among the classroom or nonclassroom categories, according to local needs.

School boards account for all their operating expenditures under these categories in order to report to the ministry concerning the total amount of their spending in the classroom.

Determining the classroom allocation

The enveloping provisions of student-focused funding allocate a specific amount of funding to the classroom for each board. Boards must show that they have spent an amount in classroom categories that is equal to (or greater than) this total allocation. Where a board does not spend its total 2003–04 classroom allocation in the classroom, the board must place funding to cover the shortfall in a reserve fund for classroom expenditures.

Student-focused funding creates each board's total allocation for classroom expenditures by attributing part of the Foundation Grant and part of several special purpose grants to classroom spending. Table 13 of the Student-Focused Funding: Legislative Grants regulation sets out a percentage of each allocation that is attributed to classroom spending.

For example, 79.76 percent of a board's Foundation Grant for elementary students, 75.24 percent of its Remote and Rural Allocation for the elementary panel, and 78.34 percent of its Learning Opportunities Grant for the elementary panel, are attributed to the classroom expenditure allocation. Most special purpose grants have a specified percentage of funding attributed to the classroom, for the elementary and secondary panels. The Continuing Education and Other Programs Grant, the Transportation Grant, and the Board Administration and Governance Grant are attributed entirely to nonclassroom expenditures.

Each board's total classroom expenditure allocation is the total of the amounts determined by multiplying its Foundation Grant and each special purpose grant by the percentages set out by the regulation. Because each board has a different proportional share of the special purpose grants, each board's total classroom expenditure allocation, as a proportion of its total operating funding, is slightly different.

Compliance in 2003–04

As in past years, school boards will continue to account for all their operating expenditures under the classroom and nonclassroom expenditure categories, in order to report to the ministry concerning the total amount of their spending in the classroom.

As in past years, student-focused funding allocates a specific amount of classroom funding for each board. In 2003–04, this formula-derived classroom allocation will exclude the total amount of the flexibility fund (as defined above). Boards must show that they have spent an amount in classroom categories that is equal to (or greater than) the sum of the classroom allocation plus the amount (if any) of the flexibility fund that they have spent in the classroom. Where a board does not spend the amount of its total 2003–04 classroom expenditure allocation in the classroom, the board must place funding to cover the shortfall in a reserve fund for classroom expenditures.

The special education envelope establishes the minimum that each board must spend on special education.

The Special Education Grant is enveloped and protected. The ministry specifies types of spending for which the grant may be used and the list of allowed costs. Boards are free to spend more on special education programs and supports. Boards must spend the entire amount of the special education expenditure envelope, as determined by the enveloping provisions of the regulation, for the additional costs of special education programs and supports (that is, the costs above the regular costs of pupils' education supported by the Foundation Grant and the other special purpose grants). Any underspending of the special education expenditure envelope must be placed in a special education reserve fund.

The provision for flexibility in 2002–03 and 2003–04 does not affect the enveloping provisions for special education funding. Boards must continue to use this funding for special education, or place unspent funds in a reserve.

Reporting Special Education Expenditures

Over the last few months, a working group of senior board staff, members of the Minister's Advisory Council on Special Education, and ministry representatives have developed recommendations to improve consistency in board reporting on special education expenditures. The ministry has used the working group's advice to develop detailed instructions for boards, which will be available as part of the financial reporting package for 2003–04. The instructions clarify ministry expectations, and are a support to existing documentation on reporting expectations found in regulation, the Uniform Code of Accounts, and the financial reporting package.

The allocations for new pupil places and for school renewal establish the minimum that each board must spend on these components.

This restriction is intended to ensure that boards dedicate the resources provided for major repairs and new pupil places for the creation and renewal of safe and functional schools where students can learn.

Boards have significant flexibility on how this is done – whether through major renovation, replacement, leasing, additions, or other partnership agreements. Unspent funds in any particular year from these two allocations must be placed in a reserve. This reserve may be used in future as funding is needed to ensure the physical integrity and safety of school buildings.

The provision for flexibility in 2003–04 does not affect the enveloping provisions for new pupil places and school renewal. Boards must continue to use this funding for these purposes, or place unspent funds in a reserve.

The grant for school board administration and governance establishes the maximum that each board may spend on these functions.

Boards are free to move funds within the four components of the allocation for board administration and governance as long as they comply with the levels established on trustee compensation under the *Education Act*.

As a result of their flexibility in 2003–04, boards may allocate part or all of the amount of their flexibility fund to expenditures on administration or governance.

Provincial Transfers for 2003–04

The provincial share of student-focused funding for 2003–04 is calculated by deducting each board's revenue from property taxes for 2003–04 from the total funding allocation determined by student-focused funding. Tax revenue is based on 38 percent of 2003 property taxes and 62 percent of 2004 property taxes, plus 2003 supplementary taxes less 2003 tax write-offs.

Where there is a strike, lockout, or withdrawal of services during the 2003–04 school year, the grants will be adjusted by the net savings resulting from the strike or withdrawal of services.

For boards that include territory without municipal organization, the ministry will permit these boards to deduct actual costs for trustee elections from property tax revenue. Boards will have the flexibility to enter partnerships with other boards or adjacent municipalities to run elections efficiently.

For 2003–04, costs for tax collections by boards that include territories without municipal organization will be provided as follows: a base amount of $50,000 plus 2 percent of taxes levied in unorganized areas. The above will only be applicable to the tax collecting board in each unorganized area.

Proposed Ontario Home Property Tax Relief for Seniors Program

In the 2003 Ontario Budget, the government announced a proposed new Ontario Home Property Tax Relief for Seniors program. Starting July 1, 2003, every senior (age 65 or older) homeowner or renter would receive a tax credit for the education portion of his or her residential property tax. It is anticipated that this new credit would be revenue-neutral for school boards. It is anticipated that, as a program to provide tax credits directly to seniors, this initiative would be administered outside the property tax system. It would, therefore, not affect the collection or remittance of education property tax to school boards, including boards with territory without municipal organization.

Technological Education

In the 2003 Ontario Budget, the government committed to investing $90 million in secondary schools over the next four years to renew technological equipment, to train teachers, and to develop partnerships with employers and colleges.

This funding, $10 million of which is being allocated for 2003–04, will be provided outside the student-focused funding grants. To be eligible, boards and schools will be required to develop comprehensive multi-year plans to support the renewal of technological education programs. An application process, eligibility criteria, and accountability framework will be developed during the 2003–04 school year.

OMERS Reinvestment

Most non-teaching employees of school boards are members of the Ontario Municipal Employees Retirement System (OMERS). Because of the surplus in OMERS, school boards (like other employers) are not required to make full pension contributions for OMERS employees during 2003–04 school year. As a result, boards have lower costs for employee benefits.

The salary and benefit benchmarks throughout student-focused funding reflect boards' costs for making pension contributions on behalf of their employees.

As was the case in 2002–03, the government is reinvesting the savings from the suspension of employer contributions to OMERS into the enhancements described above. The 2003–04 grants will be adjusted for the OMERS savings. As part of the Estimates forms, the ministry will again require boards to identify the amount of the OMERS savings that would be available for reinvestment. The ministry recovers these savings through a reduction to each board's total student-focused funding allocation.

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